# *Lessons Learned*
## *Reconnecting Social Assistance Recipients to the Labour Market*

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# 1. Introduction

## 1.1 Purpose of this paper

This paper examines the welfare reforms that governments have enacted to change the focus and methods of their social assistance programs. The perspective of the paper is the relationship between welfare reform and labour market policies. Our objective is to understand how welfare reforms both depend on and affect the labour market, and then to determine what elements are useful in the development of policies that fall within federal jurisdiction.

This paper reviews the experience of Canada,[1] the United States, and selected Organization for Economic Cooperation and Development (OECD) countries. We draw heavily on the experience in the United States for three reasons. First, U.S. reforms have been the most substantial of any industrialized and democratic country. Second, each of the 50 states has had latitude to design its own programs, and this offers an array of experiences with which to compare approaches. Third, evaluations are both more plentiful and rigorous for the American reforms. Although lessons from other countries need to be carefully examined before they are applied to Canada, useful insights may be learned from experience abroad.

Fundamental questions are associated with any lessons learned from welfare reform. Within the spectrum of policies that make up welfare reform, have we learned how to implement these policies most effectively? Is there a combination of policies that is most effective? Is caseload reduction the best or even an adequate measure of success? What will happen with a recession and the slowing of employment growth? This paper attempts to provide some answers to these questions. We emphasize that these lessons are preliminary and Canadian jurisdictions (provinces and territories) are still in the early stages of evaluating and tracking results.

## 1.2 What is welfare reform?

Although frequently spoken of as a new phenomenon, "welfare reform"[2] has always been a feature of the social assistance system. Welfare administrators have constantly adjusted the "system" from the earliest days when provinces and municipalities jointly delivered social assistance or "relief." More recently, through the 1970s and 1980s, the federal and provincial/territorial governments delivered income assistance as a cost-shared program under the Canada Assistance Plan (CAP) legislation. Presently, social assistance continues to be jointly funded with federal contributions provided through the Canada Health and Social Transfer (CHST) and provincial/territorial support being derived from their own tax base.

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1 Québec chose not to participate in the study.

2 The term "welfare" is common to the United States, and refers more specifically to programs assisting single parents. In Canada, the term "social assistance" is common at the federal level, while many provinces use the term "income assistance." The term "welfare reform" is universally understood to mean changes to the social/income assistance programs with a view to reducing caseloads and increasing the labour force attachment of recipients.

Throughout the entire period, government introduced many administrative and policy experiments dealing with alternative models, policies and programs. What characterizes the current era (since about 1993) as a period of "reform" is a change in attitude and increased emphasis. Welfare reform refers specifically to the clearly articulated idea that social assistance is temporary and that *all* recipients who are "able" have an obligation to become self-sufficient.

Both public and administrative perceptions of welfare are now shifting. No longer is it "entitlement" to which poor people are eligible without substantial qualification. Now it is offered as a temporary support intended to promote individual self-sufficiency through attachment to the labour force. It is this latter shift, and the change in legislation that has accompanied it, that has given recent welfare reform its distinct character as tightly integrated with other labour market development programs, specifically education and training, and job search and job retention strategies.

Changes in other OECD countries, notably the United States, parallel developments in Canada. With the passage of the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), America ended its long running Aid to Families with Dependent Children (AFDC) and replaced it with the Temporary Assistance for Needy Families (TANF) block grant. Similar to Canada, this legislative change signals a philosophy that casts welfare as "temporary" support, and work as the preferred and expected activity for all who are able. It further entrenches the labour market emphasis of recent welfare reforms and its linkages to other developments in training and education. A key element of the U.S. reforms is that federal support for welfare recipients ceases after a specific period that someone has received benefits. These time limits give the U.S. reforms a unique character not found in Canada. The U.S. context is important because it offers a large body of policy and evaluation literature that has insights into the effects of welfare reform.

We categorize key aspects of welfare reform into five policy themes. These themes provide a general framework, but are not mutually exclusive categories. Some elements of these themes may fit under more than one category depending on how programs are designed. As such, the five categories offer an organizational framework to help interpret recent welfare reform policies and programs.

- *Legislative and regulatory changes.* In some jurisdictions, changes include limiting eligibility for social assistance, setting a maximum time limit for receiving payments, and reducing benefit levels. Other, more incentive-oriented changes include increasing earnings exemptions and providing specific tax benefits for low-wage income earners.

- *Short-term labour force attachment strategies* stress job seeking and other short-term labour market skills training. Most jurisdictions understand the "short-term" as interventions designed to produce a job within six months. The foci of short-term strategies are job-search, case management, and "diversion" strategies. Other programs include work experience, either in the form of wage subsidies, wage supports, or work — in exchange for benefits.

- *Long-term labour force attachment strategies* are designed to enhance longer term attachment to the labour force. These may consist of human capital development programs (education and skills training) for individual clients, earnings supplement programs, and tailored or mixed strategies. These approaches focus on job retention, where a range of interventions is used to maintain labour force attachment. Clearly, the distinction between short- and long-term strategies is somewhat arbitrary, but the ideal of long-term strategies is to consolidate a client's attachment to the labour force.

- *Collateral support programs*, in particular child-care, transportation subsidies, medical supports, subsidized housing and other subsidies (such as clothing for job interviews), enable social assistance clients to participate in training and work. This promotes their labour market attachment and in turn, it promotes long-term economic independence. The recent creation of the National Child Benefit provides a new tax-expenditure program to support families on welfare and low-income families generally.

- Finally, *changes to the delivery system* include administrative and organizational reforms to increase the effectiveness of the income security system. For example, many jurisdictions have co-located social assistance and labour market services into a "single-window" delivery system. Still others integrate social assistance and education/training programs, to reduce overlap and tighten linkages between labour market training and educational programs.

These five themes serve as the framework for the remainder of this study.

## 1.3 Placing welfare in the context of Canada's income security system

The Canadian income security system contains three main components: high-profile programs, tax-expenditure policies, and cash and in-kind transfers. The high-profile programs in the system include Employment Insurance (EI), Old Age Security (OAS), Guaranteed Income Supplement (GIS), the Canada and Quebec Pension Plans (CPP/QPP), Workers Compensation (WC) and Social Assistance (SA). Interactions among these programs do occur. Specifically, Social Assistance may interact with Employment Insurance, and vice versa. One prime example of this interaction has been in the Atlantic region, a region with high seasonal employment. Workers often cycle among spells of employment, employment insurance, and social assistance. Further, SA and EI administrators as well as employers are fully aware of this interaction and appear to use the provisions of each program to manage regional labour supplies.

The second component of the Canadian income security system consists of tax-expenditure policies such as the recently developed National Child Benefit (NCB), refundable tax credits, and transfers designed to address specific services such as subsidized child-care and social housing programs. The NCB has emerged as a very important development in Canadian welfare reform, as it delivers benefits to low income families on the understanding that resulting provincial welfare savings will be channeled to reduce child poverty and promote attachment to the workforce by low income households.

Third, transfers in cash and in-kind from charities, family and friends are an often overlooked component of income security. Food banks and donations of clothing are examples of this informal income security system. Increasingly, local organizations are also promoting community development, skills training, and entrepreneurial initiatives at the neighbourhood level. Tracking these transfers is difficult, and we know little about their magnitude. Nevertheless, many believe this is a vital component of the income security system.

While welfare reform is associated with a specific set of policies in legislation, training and collateral support, at the same time it also exists within the broader structure of income security programs. As such, social assistance influences, and is influenced by, changes in this wider income security system. Accordingly, welfare reform in Canada connects with all elements of this system, whether it be Employment Insurance or the Canada Pension Plan. Although we are unable to discuss at length how these systems interact, these linkages are important when considering the impacts, programs and policies introduced during this most recent phase of welfare reform.

## 1.4 Important caveats condition lessons learned from welfare reform

In Canada, many observers date recent welfare reform to the so-called "cap on CAP" in 1990 that limited the growth of federal CAP transfers to 5 percent annually for Ontario, British Columbia and Alberta. In part, this limitation arose due to the increased federal interest in fiscal restraint. In theory, the change was intended to be fiscally neutral under the assumption that the economy would continue to grow and unemployment would not increase. However, the recession that started in 1990 created serious fiscal crises in social assistance spending for the provinces and territories. Ontario also had increased their benefit levels, and this exacerbated their fiscal shortfall. The federal government became alarmed at the potential expenditure increases.

The change in CAP along with the recession created great incentives for the provinces and territories to begin reforming their programs. The unilateral federal move also eroded the "shared" element of CAP, and signalled that the end of CAP was near. With the subsequent elimination of CAP and creation of the Canada Health and Social Transfer (CHST) in 1996, the agenda of welfare reform was advanced. In a few jurisdictions, administrative reforms had been under way for some time, while in others, substantial welfare reforms are relatively recent. In all provinces/territories, reforms are still under way, and the lessons learned continue to evolve.

In addition to the caution about drawing premature conclusions, four other issues condition all understanding of what works in welfare reform.

First, reforms have been enacted during a period of rapid employment growth, especially in the United States. Much of the caseload reduction experienced in North America would not have been possible without this rapid growth in the economy. At the same time, changes in social assistance regulations have encouraged more recipients to search for and

retain employment. Therefore, it is unlikely that economic recovery alone would have produced the sharp caseload reductions experienced in many North American jurisdictions.

Second, caseload reduction has been used as the universal measure of success for welfare reform, although not necessarily the only one. Using such a one-dimensional measure of success during a time of economic boom, many jurisdictions have reported nothing short of remarkable reductions. Yet the critical question remains — what happens to those who leave welfare? Other success indicators are not readily available, such as changes in the standard of living, wage increases, or the ability of clients to move up the occupational ladder once off welfare.

In the U.S., considering each state has implemented a different mix of policies, the conditions might seem ideal for extracting lessons learned. Unfortunately, the opposite is true. Because caseload reduction is the common measure of success, most jurisdictions have experienced lower welfare numbers by virtue of economic growth. States with radically different approaches to welfare reform have achieved similar levels of "success." Therefore, as long as such diverse policies appear to lead to the same level of success in terms of caseload reduction, significant uncertainty will persist as to what really constitutes the success of welfare reform.

Third, the utility of caseload reduction as *the* success indicator is placed further in doubt in light of the fact that social assistance administrators stress that "welfare" exists along a continuum, rather than an either/or proposition. In the end, some clients will be able to escape social assistance permanently, others will continue to cycle on and off assistance, and still others will be able to blend assistance and part-time work. One alternative measure of effectiveness may be to define success not as a complete elimination of a case, but as the increase in the proportion of total income derived from employment. Some social assistance recipients will need complete support indefinitely, particularly those persons who face multiple barriers to employment (e.g., physical or mental health problems, substance abuse problems, learning disabilities). An important lesson is that the definition of "success" needs to be broadened, and to be considered with respect to the needs of the individual being served.

Fourth, although the evaluation literature on welfare reform is extensive, covering many jurisdictions and types of programs, comparative measures should be viewed cautiously. Several factors affect the performance of any one program, including the nature of the caseload, quality of intervention, motivation of the administration, regional variations in the economy, overlapping influence of other programs, attitudes and aptitudes of the clientele, and quality of the research. It can be difficult to isolate what has worked, why and when — though the similarity of results does support generalization. Strategies may be effective for some participants, but there are no simple solutions to deal with the entire caseload. Specific tailoring and fine-tuning of programs will always be required. Further, very few evaluations provide long-term results due to the cost of evaluation and the difficulty of conducting follow-up once individuals leave the rolls. Therefore, any "lessons learned" should be considered with these caveats in mind.

## 1.5 This research draws from the literature and interviews with practitioners

In this study, we review extensive academic literature, descriptive program material (often available from Internet sites), and evaluations pertaining to welfare programs (including assessments of training, education, collateral supports, delivery mechanisms, etc.). We also interviewed key informants from Canadian governments (federal, provincial and territorial), 10 U.S. states that span the range of welfare reform programming, plus Canadian organizations involved in social policy and welfare reform analysis. We selected studies leading to substantial insights into welfare reform, and examined individual evaluations where they qualify and deepen the findings of the literature.

## 1.6 Structure of the review

Following this introductory chapter, the paper has seven sections:

- Chapter 2 discusses the *origins of the current welfare reforms.* This section discusses catalysts for welfare reforms, including the nature and composition of caseloads, economic and political factors (deficit reduction and decentralization), and legislative changes. We also offer a brief historical and contextual overview of Canadian and American welfare reforms, as well as what is being undertaken in Australia, New Zealand, Sweden, Finland, and the United Kingdom.

- Chapter 3 examines *legislative strategies* that guide and shape welfare programs. We examine work disincentives and how administrators have experimented with specific policies such as sanctions, time limits, and de-coupling benefits from program participation (e.g., providing child-care according to a needs-test rather than SA receipt) to improve the transition from welfare to work. We also show how changes in federal fiscal arrangements in both Canada and the United States have encouraged program decentralization in the delivery of programs and services.

- In Chapter 4, we discuss *short-term labour force attachment strategies*. This chapter begins with a review of employability assessments and the merits/demerits of profiling. We then look at specific labour market strategies, such as job search and résumé preparation, two of the most common practices for promoting short-term labour force attachment. The section concludes with an examination of work experience/community placement models, commonly used for the long-term unemployed and those lacking recent workforce attachment.

- Chapter 5 extends the previous section by looking at *long-term labour force attachment strategies*. First we examine earning and income-based policies that promote longer term attachments. We then briefly assess the use of earnings exemptions as both a short-term and long-term strategy. An examination of education and training programs follows with a discussion on how they are modified to focus on employment. We then discuss job retention strategies, and conclude with a look at targeted strategies. The distinction between short- and long-term strategies can be difficult. Short-term policies

are designed to get SA clients into the labour force. Long-term strategies are designed to consolidate their hold on the labour market.

- In Chapter 6, we examine *collateral supports*. We begin by looking at the National Child Benefit (NCB) and its impact on welfare reform. We then summarize other benefits, such as child-care, transportation subsidies, medical supports, and other discretionary supports.

- Chapter 7 looks at changes to the *delivery system*, including the move towards single-window access (co-location, departmental integration, interdepartmental co-operation, and co-development of programs). We also look at administrative culture, and the importance that it plays in promoting the reform process.

- Chapter 8 summarizes important lessons learned and overall conclusions from this research.

# 2. *Origins of Welfare Reform*

Welfare reform, as a policy, represents a recent set of initiatives in a long history of policy change, adjustment and "tinkering." Managers have always adjusted programming to meet the prevailing objectives of social assistance. What really marks current welfare reform is a decided shift in the expectations government has of those who receive benefits.

At the same time, welfare reform represents a shift in basic philosophy about social assistance that spans two polarities. On one hand, welfare is widely seen as a means of supporting poor people. In this sense, welfare is a last and unconditional resort for individuals or families without any other source of income. For example, the recent focus on child poverty has aligned much of welfare reform around the notion that every child deserves a chance. On the other hand, society in general has always intended social assistance to be a less attractive alternative for deriving income than paid work. A main issue is that social assistance should not attract applicants as an alternative to work, and those who choose to work should not have less income than those who are on assistance.

The expectations placed upon social assistance recipients have changed. Increasingly, welfare administrators expect social assistance clients to look for and retain employment if they are able. Some, particularly those with severe physical and mental disabilities, may be exempt from having work expectations placed upon them. In redesigning welfare programs, governments in North America have tried to balance these two aspects of welfare — supporting those in need while creating greater incentives for work.

In the following section, we identify social and economic factors that have placed welfare reforms at the forefront of the policy agenda. We then summarize recent welfare reforms in several countries to offer context for the later discussion.

## 2.1 Growing caseloads are only part of the explanation for recent welfare reforms

Trends in the level and composition of caseloads underlie much of the welfare reform of the last decade. In most jurisdictions, caseloads did not fall significantly following the North American recessions of the early 1980s and early 1990s. In fact, American caseloads expanded by 27 percent from 1990 to 1994 despite a period of recovery. Even in light of Canada's slower economic recovery, the Canadian experience was nothing short of dramatic, with the number of cases growing by 55 percent (from 1.1 million to 1.7 million) during this same period (National Council of Welfare, 1998a).

Increasing caseloads (which stabilized rather than declined during economic recovery) led many to conclude that the welfare system failed to return people to work when job availability was growing. As such, the "ratcheting" upward of caseload levels encouraged many to argue for fundamental changes to welfare systems.

Welfare administrators and government policy makers saw the fiscal logic clearly. Lower caseloads lead to lower government spending, and, in turn, enduring caseload reduction results in lower public spending now and in the future. Although not the only goal of welfare reform, caseload reduction is a central objective for most jurisdictions. Fiscal incentives were not the only motivations, however. Some legislators believed that a horizontal inequity existed between those who received welfare and those who chose to work at low (minimum) wage occupations. Others accepted the "culture of poverty" thesis that "welfare attitudes" were transmitted from generation to generation. Children growing up in households where adults did not work were perceived to lack role models. Getting the parents back to work would provide these missing role models. This latter perception was particularly important in motivating U.S. legislation.

## 2.2 Caseload reductions a poor measure of welfare reform outcomes

Although everyone uses caseload reductions as a measure of welfare reform success, the following cautions are in order:

- Caseload reductions may not be associated with economic self-sufficiency. Without knowing how individuals support themselves once off the welfare rolls, one cannot determine whether programs are successful. Single parents often leave welfare through marriage. Some recipients move to other jurisdictions. Others may simply continue living in poverty. Many of those who leave social assistance are reluctant to participate in follow-up surveys. This complicates the post-program tracking so essential for evaluating the real outcomes of welfare reforms.

- Caseload reductions offer an immediate measure of "success," but tend to focus policy in the short term. As interventions become more extensive (e.g., longer and more involved education and training) social assistance recipients delay their entry into employment and take longer to gain self-sufficiency, though they may benefit more in the long run. Evaluating these interventions requires a long-term perspective and more patience to await outcomes. Most evaluations of training interventions for social assistance recipients follow trainees for a short period, usually less than 24 months. Aside from not collecting information on immediate outcomes, incomplete long-term follow-up fails to capture the full benefits of training. Evaluations tend to understate the benefits of more involved training programs. At the same time, extended follow-up must account for an increasing number of factors aside from welfare reform measures that may account for "success."

- Caseload dynamics are complex. During any given period, some social assistance recipients will find work, marry, or for any number of other reasons leave welfare without any special intervention. In a growing economy, fewer people apply for social assistance. With a rising level of employment delaying applications and a constant exit rate, total caseloads will fall, again without any intervention. The magnitude of recent caseload reductions certainly exceeds the level that might be obtained through normal attrition and fewer applicants. Nevertheless, it is wise to bear this dynamic in mind.

A core objective of welfare reform then, is to ensure that, over time, fewer of those leaving the program will return.

To determine whether or not reforms are successful, other measures aside from caseload reduction are required. Some have argued that the true goal of welfare reform is not caseload reduction but self-sufficiency. Although the difference between caseload reduction and self-sufficiency may seem minor, these two goals reflect different philosophical perspectives. Focusing on caseload reduction suggests a short-term view, as research shows that a large proportion of SA recipients cycle on and off welfare. Self-sufficiency as a goal and a measure of success, may provide a better indicator of the types of jobs that individuals have found, and the reduced potential they have for dependency in the future. As such, it represents a longer term commitment to welfare reform.

## 2.3 Welfare reforms target specific groups within the overall welfare caseload

Beyond the sheer number of cases, administrators were also concerned about caseload composition. In Canada, social assistance included single adults who many believe should be employed or in school. It also included a growing number of children in social assistance families, though this number has subsequently declined with the overall decline in caseloads. Finally, public attitudes have shifted over the past half a century, placing greater expectations on single mothers to look for work.

### *2.3.1 Canadian welfare reforms include single employable adults, while U.S. reforms typically do not*

In Canada, social assistance includes single adults, unlike the federal U.S. welfare system that serves only single- and two-parent families. Single individuals in the U.S. have typically never been eligible for *federal* social assistance, aside from Food Stamps. Single individuals may be eligible for state welfare, although this varies widely.

Approximately 55 percent of all welfare cases in Canada (822,600) are unattached persons (National Council of Welfare, 1998a). Traditionally, administrators expected single adults they deemed as employable to find work rather than collect social assistance. Some critics of welfare reform in Canada claim that welfare agencies in certain provinces are following the U.S. example, tightening eligibility restrictions, lowering benefit levels, and increasing the threat of sanctions for non-compliance among single persons. Critics also argue that perceptions are too simplistic that portray young adults as disproportionate recipients of welfare. Many may have experienced a wide range of physical/mental illness and family dysfunction. One important shortcoming of welfare statistics is that we have insufficient detail on the circumstances that trigger applications to social assistance.

This difference in eligibility between Canada and the U.S. is important, and explains why U.S. welfare reforms focus on single mothers, while Canadian welfare reforms are more broadly based and encompass a wider range of social assistance recipients.

### 2.3.2 The growing number of children on social assistance has long worried administrators

Administrators and policy makers have also been concerned about the proportion of children in social assistance families and, more broadly, the high incidence of child poverty. As of March 1997, approximately 1.1 million children under the age of 18 (15 percent of all children), were on welfare (National Council of Welfare, 1998a).

Social workers and others working with families have argued that long-term social assistance has corrosive effects on children. Children who grow up in poverty, whether on social assistance or not, are more likely to encounter problems with health (drug abuse, physical safety, nutrition) and education. Many lack a stable and nurturing home environment. The growing number of children who live in poor families with parents on welfare raises the possibility that many will enter youth and adulthood without good role models of self-reliance.

Critics of this view argue that the typical welfare reform implementation is actually inconsistent with the goal of reducing child poverty (Source: Key informant interviews). With the increasing labour market emphasis, welfare programs focus more closely on the welfare-to-work transition, with an expectation that single mothers should work if they are able. This reverses previous policies that saw the primary role of the parent as raising children.

### 2.3.3 Changing work expectations for single parents influenced recent welfare reforms

The number of single parents on social assistance in Canada has grown since the late 1960s. As of March 1997, single-parent mothers and their children accounted for approximately 27 percent of all Canadian welfare cases (388,426), while single-parent fathers made up an additional 3 percent of caseload (37,374 cases) (National Council of Welfare, 1998a). Women head the overwhelming proportion of single-parent households (91 percent) and since 1990, the number of single-parent SA recipients has increased by 39 percent (from 309,400 to 429,600) peaking in 1995 at 472,500.

In part, this reflects the rising proportion of single parents in society and the disproportionately high rates of poverty among this group (Scott, 1995). Single parents often have to provide for their families without any support from the non-custodial parent.[3] Moreover, these same single parents often bear the full costs of child-care once employed.

In general, governments now expect single mothers to find and retain work when their children are at a much younger age than was expected in the past. Formerly, single parents were not required to work until their children had finished school. In Canada, the age at which work expectations are applied varies across the nation (Gorlick and Brethour,

[3] An example of collateral policies, beyond the scope of this paper, are the maintenance enforcement techniques designed to force compliance of court ordered child support payments by non-custodial parents.

1998a). *Work expectations*[4] range from when a single parent's youngest child is six months old in Alberta to seven years old in British Columbia.

## 2.4 Public opinion has validated the principal of welfare reform, although not necessarily specific practices

Public opinion has apparently shifted in the direction of less public spending. U.S. studies have found general dissatisfaction among the public with the welfare system (Bloom, 1997). When asked for specific complaints, U.S. respondents said that the welfare system discourages work (49 percent of respondents), is costly (14 percent) and causes family break-up (Bloom, 1997). Increased reluctance to extend income support, especially to those who have no physical or mental disability or dependent children, seems to have occurred to a lesser extent in Canada than in the United States. Unfortunately, no published opinion data exist for Canada.

Although both proponents and critics of welfare reform admit that the public has generally supported the principal of reform, it is less clear whether the specific details have been widely understood or supported (Source: Key informant interviews). It is also difficult to tell whether public opinion has led or followed the welfare reform effort in step with the shift to fiscal conservatism of the 1980s and 1990s.

- Critics of welfare reform argue that provincial governments have perpetuated negative perceptions of welfare recipients to bolster their attempts to control welfare fraud and reform the welfare systems (Source: Key informant interviews).

- Conversely, welfare administrators argue that critics often do not understand the details of the specific measures being implemented.

This debate reinforces the highly politicized nature of the welfare reform process. While welfare administrators emphasize the goals of self-sufficiency and reduced dependency, critics of welfare reform argue that the income support function of social assistance has been seriously eroded, increasing the incidence of poverty. Although the ends may be the same — reduced poverty, better standards of living, improved health coverage, etc. — the means may differ. The lack of public information publicly available may further tensions as critics of the reform process report that they do not always have access to the "facts" to address government claims (Key informant interviews).

Overall, the direct evidence for shifting public opinion is meagre, and most welfare administrators simply accept this as fact. Further, public opinion is not an independent variable and is often led by media representations and a few anecdotes. It is the case that

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4 Work expectations is the term applied to the requirements that social assistance recipients either participate in training or seek work. These requirements or expectations vary with the circumstances of the individual. A single parent with three children under six has few expectations to work in a Canadian jurisdiction compared with a single male in his twenties without disabilities.

most of the public still have little direct experience with welfare reform or social assistance families.

## 2.5 Deficit control and devolution characterize welfare reform in Canada and the U.S.

Aside from growing caseloads, worries about the composition of clients, and the effects on children, two political and economic factors have been important for welfare reform.

- Governments have paid increasing attention to deficits and to limiting the scope of government.

- Responsibility for social assistance is being transferred to the provincial/territorial and state level, and, to a lesser extent, the municipal/regional/county levels of administration.

After the recessions of the 1980s and early 1990s showed how debt service circumscribed policy, expenditure reduction has become a central public policy goal. Although this paper is unable to probe the reasons for deficit reduction, it has had direct implications for social and economic policy in general and welfare reform in particular. Below we detail the history of social assistance programming and the associated reductions in spending by Canadian federal and provincial/territorial governments.

Federal/provincial/territorial responsibilities have evolved, with provinces and territories assuming more independence to define and design social and economic policies. As we show below, with the elimination of CAP, provinces and territories have fewer conditions attached to their design and delivery of social assistance programs, and need not fund programs on a matching basis from the federal government.

Several advantages exist to this new arrangement. Compared with the federal government, provincial and territorial governments have closer ties with the business community and can be more adept at identifying local needs and assessing labour market impacts. In some jurisdictions, responsibility for program delivery may devolve to the regional and sub-regional level, further increasing the links between program developers and the labour markets they serve. Most federal, state, and provincial/territorial governments believe that a local labour market orientation is the most appropriate for designing programming and labour market strategies for social assistance recipients.

Another advantage, from the perspective of state or provincial/territorial governments, is that federal funding is now in the form of a block grant. This allows for the development of individual programming over which the federal government has relatively little direct control.

Some have expressed concern that devolution and the loss of national conditions will lead to a patchwork of inconsistent policies. With the current Canadian legislation, the federal government retains less control and no legislative accountability for welfare spending in

the provinces and territories. Inter-regional variation in policy is a distinct possibility, but this is precisely the point in the devolution of welfare administration.

Changes in U.S. federal legislation have fostered a similar "devolutionary process." The U.S. TANF[5] legislation, however, has time limits attached to it, requiring states to meet federally mandated targets in order to ensure future funding levels. This has created a strong impetus for states to revise their systems and reach goals in terms of caseload reduction and participation rates in order to meet national standards. This has given U.S. welfare reform an urgency not found in Canada.

## 2.6 Canadian welfare reforms have a long history

Canadian welfare reform may appear new, but the thrust for reform existed in the early 1980s on through to the 1990s. Changes to the Canada Assistance Plan (CAP) and the creation of the Canada Health and Social Transfer (CHST) represent the culmination of legislative and philosophical changes that have helped redefine provincial social assistance programs. At the same time, recent policy changes have raised the profile of social assistance reform.

The first significant piece of Canadian welfare policy was the Mother's Allowance, passed in a number of provinces between 1916 and 1935. This program offered eligible low-income mothers monthly cash benefits. Once established, it provided an alternative to full-time employment, although part-time work was still encouraged. Following the end of World War II, many women in the labour force were expected to give up their jobs to make room for soldiers returning from the war, and part-time work for single parents was discouraged. In essence, social assistance reverted to a form of relief, with relatively small caseloads.

The Canada Assistance Plan (CAP), created in 1966, provided for federal cost-sharing with the provinces and territories. Under this funding arrangement, provinces and territories based social assistance receipt on "need" as defined by budgetary requirements and means tests (eligibility based on total family income and assets). Furthermore, these jurisdictions had to offer services to individuals regardless of residency, and, most importantly, benefits could not be contingent on training or work requirements.

In September 1985, federal and provincial/territorial ministers for social services met and agreed upon a seven-point strategy to make maximum use of the Canadian Jobs Strategy (CJS), the Canada Assistance Plan and other employment programs to help social assistance recipients obtain and keep jobs. The seven points included negotiating CJS participation targets for SA recipients, changing CAP guidelines to increase incentives for recipients to participate in training and employment, and increasing the number of education and training opportunities available (Hunter, 1993).

The most recent round of welfare reform can be dated from the point when the federal government limited CAP contribution increases for welfare expenditures to Alberta,

5 We discuss this legislation in more detail later in this report.

Ontario, and British Columbia (the so-called "have" provinces). This fiscal squeeze encouraged these jurisdictions to consider ways to reduce their spending on social assistance. Some have suggested that increased benefit levels introduced in Ontario during the 1990 recession prompted the federal government to find ways to limit its liability under CAP.

In 1996, the creation of the CHST further advanced the welfare reform process. The CHST eliminated all but the residency conditions of welfare programming as established under CAP. While provinces and territories must still provide social assistance to all individuals regardless of how long they have resided in their jurisdiction, the non-conditional aspect of the CHST allows them greater freedom than under CAP to experiment with different approaches to welfare reform.[6] It should be noted, that many jurisdictions were well under way with their own welfare reforms prior to the creation of the CHST, as the end of CAP had been foreshadowed with the "cap on CAP."

Simultaneously, important collateral changes were the reform of Employment Insurance and federal reductions in social and health spending. For example, by changing EI, government raised pressure on social assistance programs as those who fail to qualify for EI, or who receive low benefits, or who exhaust their eligibility, apply for welfare. The creation of the National Child Benefit (NCB) is another important development. The NCB has provided additional money to low-income families, while encouraging provinces and territories to reinvest in programs that help fight child poverty and promote labour force attachment. Further, the NCB has broadened support to low- and medium-income families (not just those on social assistance), and provided a more efficient, non-stigmatizing, income-tested program for Canadian families.

Since the implementation of the CHST, provinces and territories have further refined their menu of welfare-to-work programs, and now emphasize employability to a greater extent (Gorlick and Brethour, 1998a). Although access to training and supports remains primarily program-based, some provinces have begun to broaden access. Jurisdictions had interpreted CAP in such a way as to define anyone with a full-time work attachment as automatically "not in need." Under the new legislation, provinces and territories have more latitude and incentive to experiment with alternative welfare-to-work programming, such as community placements (community work in exchange for benefits or possibly wages). Needs are defined more broadly and social assistance recipients now may include higher amounts of wage income while still qualifying for some support. Most jurisdictions now rely on employment strategies, particularly short-term activities such as job search, résumé preparation, and quick training as main policies to encourage work.

While reforms in Canada do not feature time limits, most jurisdictions will either reduce or eliminate benefits for employable clients who refuse to participate in job-search or training. In some areas, sanctions (benefit reductions) are designed to increase participation in other types of activities, such as counselling, volunteering, or literacy

6 Some key informants argued that experimentation was possible under CAP, while others stressed the increased freedom to create unique programs under the CHST.

upgrading, all with the aim of promoting some involvement in the labour market. However, Canadian jurisdictions use sanctions very sparingly.

Under a general block grant, the federal government obviously relinquishes its authority to direct how social assistance is to be organized. Welfare administrators in both the United States and Canada stress that the recent reform packages have allowed them important discretion in designing programs.

As part of this redesign process, many jurisdictions have decentralized social assistance delivery. Larger provinces such as Alberta and Ontario allow considerable local input into the design and delivery of social assistance. Smaller provinces, particularly those in Atlantic Canada, retain central management of the social assistance program. The rationale for decentralization in a larger jurisdiction is that various components of welfare reform need fine-tuning and further integration with local employment opportunities. At

TABLE 1
History of Legislative Reforms in Canada

| Act | Period | Description |
|---|---|---|
| Mother's Allowance (provincial jurisdiction) | 1916-1935 | • Established for the first time the right of eligible low-income mothers to receive monthly cash benefits on a regular basis.<br>• Provided an alternative to full-time employment although part-time work was encouraged. |
| Canada Assistance Plan (CAP) | 1966-1996 | • Provided for federal cost-sharing with provinces/territories (P/T).<br>• P/T were required to base social assistance receipt on need as defined by their own tests.<br>• Services had to be available to individuals regardless of when they established residency in the province or territory.<br>• Welfare benefits could not be contingent on fulfilling community or other work requirements. Payments were needs-based only.<br>• A federal funding cap on CAP was introduced in 1990 to limit annual increases to Alberta, Ontario and British Columbia for welfare expenditures. Provinces, if they chose, could still spend at their discretion. |
| Canada Health and Social Transfer (CHST) | 1996 – present | • Eliminated federal guidance of welfare programming as established under CAP.<br>• CHST is a block grant, combining funding for welfare transfers with post-secondary education and health.<br>• The overall net transfer was lower than the combined previous transfer (from $29.4 billion in 1996 to $25.1 billion in 1998).<br>• Only the residence condition outlined in CAP was retained. The "principle" of the health program remained. |

the same time, clients can benefit from tailored interventions. Table 1 summarizes the history of legislative reforms of social assistance programs in Canada.[7]

## 2.7 The United States has introduced a comprehensive policy of welfare reform

Over the past decade, the United States has paid more attention to reforming and experimenting with its welfare system than any other country. It has consistently evaluated and tested education and training strategies (both general and social assistance specific), to identify "best practices" and encourage their implementation.

When comparing Canadian and U.S. welfare systems, as we do throughout this paper, several caveats are important. An important difference between Canada and the United States is the breadth of eligibility of the Canadian income security system. In part, this reflects a history of greater government involvement and expectation of such by Canadians.

Compared with Canada, U.S. welfare systems generally provide lower benefits and a stronger welfare-to-work emphasis. The U.S. also maintains other low income supports, specifically Food Stamps and Medicaid, that make its social assistance system dissimilar to the Canadian model. Further, the U.S. has a lower minimum wage level and greater job mobility.

The Clinton administration began the most recent phase of welfare reform in 1993 by enabling states to apply for Aid to Families with Dependent Children (AFDC) waivers. These welfare waivers enabled states to develop experimental welfare-to-work programs that varied from the actual AFDC legislation. In many cases, these waiver programs became statewide initiatives following the passage of the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) and the creation of the Temporary Assistance for Needy Families (TANF) block grant in 1996. While the creation of TANF marked the formal start of welfare reform in the U.S., its seeds had been sown earlier. The essential features of TANF include the following:

- By basing federal funding on historical levels and giving states more spending discretion, the federal government limited its risk associated with increased caseloads, while at the same time creating an incentive for states to reduce caseloads.
- Requiring adults to work in some form of employment intervention after the client had received a maximum of 24 months of welfare.
- Allowing states to reduce or terminate benefits of those failing to fulfill employment intervention requirements.

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7 The recent legislative changes in each province and territory are presented in Appendix A.

- Legislating that all federal payments to states for welfare recipients end after 60 months of total use. States have the discretion to exempt part of their caseload from this condition.

- Increasing the experimentation and variety of programming both between and within states.

This last point is important because it has allowed individual states greater latitude to design programs unique to their situation. It also has continued the evaluation and research culture that accompanies U.S. social policy, and is the reason why many of our insights and lessons about welfare reform arise from the U.S. experience. Arguably, with some care, these same lessons can be applied to Canada. In general, the evaluation of welfare reform and labour market interventions has not received the same attention and funding in Canada that it has in the United States.

Considering that each state has implemented a different mix of policies, the conditions might seem ideal for extracting lessons learned. Unfortunately, the opposite is true. Because caseload reduction is the common measure of success, most jurisdictions have experienced lower welfare numbers by virtue of economic growth.[8] States with radically different approaches to welfare reform have achieved similar levels of "success." Therefore, as long as such diverse policies appear to lead to the same level of caseload reduction, many lessons learned on welfare reform arise from alternate approaches and are difficult to identify. Table 2 shows the history of legislative changes that have marked welfare reform in the United States.

8 The lower caseloads arise partly because those on welfare find work, and partly because an improved economy reduces the inflow of new or previous beneficiaries. Since welfare rolls always have as many as 40 percent of recipients who leave without any intervention, a lowered intake will automatically reduce total caseloads.

**TABLE 2**
History of Legislative Reform in the United States

| Act | Period | Program | Description |
|---|---|---|---|
| Aid to Families with Dependent Children (AFDC) | 1935-1996 | | • Established in 1935 as Aid to Dependent Children (ADC).<br>• Administered by the states with funding shared with the federal government<br>• States set their own benefit levels and establish financial criteria and eligibility subject to federal limitations and regulations.<br>• Wide variance in state benefit levels persisting up until the time AFDC ended in 1996. |
| | 1967-1988 | Work Incentive Program (WIN) | • First large-scale employment and training program for AFDC recipients.<br>• Required some welfare recipients to participate in training.<br>• Introduced monetary work incentives (earning disregards), altering the AFDC benefit formula. Allowed workers to retain proportion of earned income and increased overall benefits. |
| Omnibus Budget Reconciliation Act (OBRA) | 1981-1996 (for welfare-related items) | | • Removed earning disregard program in AFDC, as introduced by WIN.<br>• Changed eligibility criteria for AFDC, prohibiting states from providing benefits to anyone earning more than 150% of state needs-benefit. This was later raised to 185%.<br>• Authorized states to conduct their own WIN demonstration programs. |
| Job Training Partnership Act (JTPA) | 1982-present | Varies by state | • Partnership between federal government, states and private organizations.<br>• Provided job-training services for economically disadvantaged adults and youth, dislocated workers and others with significant employment barriers.<br>• Rigorous evaluation mandated.<br>• Integration with welfare programming varies by state. |

TABLE 2 (continued)
History of Legislative Reform in the United States

| Act | Period | Program | Description |
|---|---|---|---|
| Family Support Act (FSA) | 1988-1996 (for welfare-related items) | Job Opportunities and Basic Skill Training Program (JOBS) | • Authorized creation of JOBS program, replacing WIN.<br>• JOBS stressed remedial and basic education, as well as training in job skills.<br>• Like WIN, JOBS participants required to participate in training. |
| Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) | 1996 — present | Temporary Assistance for Needy Families (TANF) | • Replaced AFDC with TANF.<br>• Ended specific authorization for JOBS by folding its funding into the new block<br>• Grant supporting TANF.<br>• Bases funding on historical levels, gives states more funding freedom while limiting federal government's exposure to risk and cost of increasing caseloads.<br>• Requires adults to work in state-designed employment after a maximum of 24 months.<br>• Allows states to reduce or terminate benefits of those failing to fulfill work requirements.<br>• Payments to welfare recipients using federal funding must end after five years (60 months) for all welfare spells combined. States have some discretion to exempt a portion of their caseload.<br>• Makes immigrants to the U.S. ineligible for TANF, Medicaid and Food Stamps during their first five years in the country.<br>• Bars illegal aliens from means-tested program |

## 2.8 Other OECD countries are also showing changes in their welfare policies

OECD countries outside North America have experienced similar strains on their social assistance/income security systems over the past decade. Rising expenditures in the 1990s coincided with the growth of economic hardship and the resulting increase of income transfers based on categorical entitlement. Four themes have emerged:

- Benefits intended for short-term relief, especially for unemployment, have risen sharply.

- Benefits intended for those in severe difficulties (e.g., those with a disability) have seen their clientele increase in a way that appears to be unrelated to a rising incidence of permanent or chronic health conditions.

- Benefits intended originally to assist transitional cases (e.g., early retirement pensions), have become a "normal" route to leaving employment for many older workers.

- Replacement rates[9] for benefits (not just social assistance benefits) established when the demand for labour was strong have been found to be unsustainable (OECD, 1998, Battle Against Exclusion).

Rising unemployment rates in some countries, particularly among youth, have further stretched existing social assistance services. Although the challenges faced by each country will vary, most have had to address the relationship between benefit levels and the financial incentive to work (e.g., the *replacement rate*). Some countries have followed a similar path to reform as Canada and the U.S., placing increased emphasis on the welfare-to-work transition, seeking ways to help people become employed and stay employed. Others have tightened eligibility and lowered benefits. Again, the supply of labour is only one side of the issue, and specific welfare reforms are likely to be part of a larger economic development process. The following provides a summary of recent welfare reforms in selected OECD countries.

### 2.8.1 Sweden

Social policy analysts often advance the Swedish model as an example of an enlightened and effective social assistance program. For some time, lone mothers, along with all other adult citizens, have been expected to work. In fact, the two main objectives of Swedish policy have been to "normalize" the position of single mothers and to offer collateral supports so that they can care for children and work at a reasonable wage.

The Swedish system has included: extensive public provision of child-care, with priority given to lone mothers; generous paid parental leave; state-guaranteed child maintenance payments; and a commitment to wage solidarity and full employment. Also, Swedish recipients of social assistance and unemployment insurance must participate in work or training programs. They may also have to accept "suitable employment" or risk losing their benefits.

Swedish families have to earn significant amounts before work could leave them financially better off than remaining on social assistance. Even at average earnings, there is little or no immediate financial incentive to work. In some situations, families may be worse off if an individual enters the work force. Further, as of January 1995, Sweden had no earning disregards, with social assistance withdrawn on a dollar-for-dollar basis. As such, individuals have little incentive to combine part-time earning with benefits, as there are no financial gains to be had.

Overall, this approach has proven to be expensive and it is associated with the highest levels of taxation in the OECD. Recently, as a result of a slowing economy and high public sector deficit, Sweden re-examined its social policy in the hope of implementing some

[9] The "replacement rate" is the ratio of social assistance benefits compared with income obtainable from working. It is used to measure the "generosity" of social assistance relative to work.

form of welfare reform. Replacement rates have been reduced to 80 percent (as of January 1998) from 90 percent in the early 1990s. Benefit sanctions have also been increased from 20 days to 60 days if an unemployed person declines a job or training offer, and access to transfer payments is now more strictly regulated through strict enforcement of eligibility criteria (Kalisch *et al.*, 1998).

### 2.8.2 Finland

The Finnish social assistance system resembles that of Sweden. Like Sweden, there is less differentiation between women and men in terms of labour force participation than is found in other OECD countries. Single parents participate at the same rate as those with partners. Aside from ensuring the provision of child-care, single parents are not treated as a group requiring specialized privileges.

Legislatively, Finland has a three-tiered system comprising voluntary unemployment insurance, compulsory national benefits and local social assistance administered by municipalities. The national parliament sets the rates. Finnish replacement rates are high relative to the OECD average, but somewhat lower than their fellow Nordic countries (Denmark, Norway and Sweden). Families have to earn significant amounts before work could leave them financially better off than remaining on social assistance. Even with average earnings, there is little or no immediate financial incentive to work. In Finland, social assistance acts as a minimum income level; those with net incomes below that may receive "top-ups" even if they are in employment (OECD, 1998, Eardley *et al.*, 1998).

Like Sweden, Finland traditionally viewed higher unemployment as an anomaly. However, unlike Sweden, Finland has never enjoyed a high labour force participation rate and has one of the lowest in the OECD. Rising unemployment rates concern social assistance administrators. For example, in 1995, 13 percent of the Finnish population aged 15 to 64 was unemployed.

Of particular concern are youths. After two decades of stability, the proportion of young people (15-24 years of age) fell between 1990 and 1994 from 66 percent to 49 percent. Young people below the age of 18 are not eligible for standard benefits available to the adult population. The responsibility for youth is borne mainly through co-operation between employment services and municipal social welfare and education offices, including programs for young unemployed people (OECD, 1998).

In recent years, Finland has reformed its social security system to ensure that income from work will always be higher than social security benefits. These reforms have included changing the system of support for small children, co-ordinating unemployment security and salary arrangements, as well as reforms to the living allowance. Changes to the social security system coupled with tax reform (general tax scale reductions, reductions in municipal taxes for low-wage earners, and reduction of insured people's burden of contributions) have raised the attraction of low-wage employment. These reforms represent a scaling back of income security to induce more people to enter the workforce.

### 2.8.3 New Zealand

New Zealand and Australia have developed welfare systems quite unlike either North America or Western Europe. The New Zealand approach has traditionally rested on guaranteeing basic levels of social protection to those who meet minimum conditions based on need. In 1990, the newly elected National Party began implementing significant welfare reform, moving it away from the male "breadwinner" concept. It amalgamated the universal family benefit with social assistance targeted to low-income families. The government also tightened eligibility criteria for social programs, made child support enforcement more stringent, and reduced funding to education, housing and health.

Specific welfare reforms date from 1991. The Domestic Purposes Benefit (mainly for low-income mothers with dependent children) was cut by 16.7 percent, but still permitted single mothers to remain on assistance until their youngest child was 16, although this was subsequently reduced to the age of 14 in 1997. Benefit levels were lowered for specific target groups, particularly young single "employables," with reductions of 24.7 percent. Programs were also increasingly targeted to certain groups, specifically those with no other means of economic support.

Because of these changes, the overall labour supply has increased. Youths between the ages of 16 to 17, however, have increasingly participated in education and decreased their participation in the labour force (Maloney, 1997). Changes to benefit targeting have also made a mix of part-work/part-benefit more viable and common (New Zealand Department of Labour, 1995).

### 2.8.4 Australia

Australia has taken a slightly different path than Canada and the U.S., and has been somewhat more moderate than New Zealand. About 90 percent of lone mothers in Australia rely on the Sole Parent Pension for support. The Sole Parent Pension provides a weekly benefit payable as long as there are children under the age of 16 in the household. No work requirement is attached to this support.

Social security (which includes welfare) is a federal jurisdiction in Australia, a major difference from Canada and the U.S., where delivery by the provincial/territorial, state or regional level is the norm. A further distinction is that Australia provides support specifically for single parents to care for their children at home, without a work expectation.

Similar to Canadian and U.S. reform, the Australian government has tightened eligibility, and has increased targeting and privatization of services.[10] In 1994, the government introduced its *Working Nation* strategy that included both a national system of "case-management" for the long-term unemployed and a limited degree of market competition in its delivery, including a shift towards contractual agreements. This lasted until 1996, when the government changed and the program was abandoned.

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10 Privatization involves private firms in the delivery of training and counselling of social assistance recipients.

Australia continues to move towards greater competition and increasing use of reciprocal obligation in the form of quasi-contractual agreements. More stringent application of rules requiring job search by the unemployed has also been introduced. Workfare programs have been piloted for young unemployed (aged 18-24), as have job, education and training programs for sole parents (Australia, 1997). Different earning incentives have also been experimented with, such as lowering the withdrawal rate at a specified income level, and individualizing payments to each member of a couple to encourage workforce participation by both parents. The government has also allowed long-term unemployment beneficiaries and lone-parent and disability pensioners to temporarily retain their health card when they find work. These changes and others further emphasize employability, independence and individual responsibility.

### 2.8.5 Britain

Unlike other European countries, Britain has enjoyed relatively stable unemployment levels over the last decade and policies as such have evolved in this light. Employment for women has grown steadily since 1970 but remains substantially less than for men. Special treatment exists for unemployed single parents, and, unlike Nordic countries, they are not required to seek or to be available to work as a condition of receiving benefits. However, family credit has been structured to encourage single parents to enter full-time employment. Of particular concern for British social policy is youth unemployment. After two decades of stability, the proportion of young people employed (15-24 years of age) fell between 1990 and 1994 from 72 percent to 53 percent.

Britain has a national benefits system administered through the Department of Social Security. This includes insurance benefits, non-means-tested non-contributory benefits (child benefit and disability benefit) and means-tested benefits. Three main means-tested benefits are Income Support (safety net for those not in work), family credit (a top-up benefit for families with relatively low earnings), and housing benefits. Local governments, on the basis of national regulations and guidelines, administer the latter.

Britain is a unitary rather than a federal state, with most social policies national in coverage. Local offices of national agencies deliver job placement services, social assistance and social security benefits. Local government provides social work and educational services within a tight regulatory framework. Health coverage is subsidized and a universal non-means-tested child benefit is available to lessen incidences of child poverty. Similar to Canada, social assistance is universally available. It also provides means-tested assistance to low-income families with children, and in pilot areas, for families without children.

The path of welfare reform in the U.K. is best exemplified in the recent Labour Government's Green Paper on social security reform. The Green Paper was guided by several goals, including:

- targeting young social assistance recipients for welfare-to-work programs;
- focusing on programs for long-term unemployed; and

- streamlining and modernizing tax and benefit systems, so as to promote work incentives, reduce poverty and welfare dependency and strengthen community and family life (Walker, 1998).

The first goal has been addressed through the New Deal for Young People that provides intensive help for 18-24 year old following six months of unemployment. After that, a case management approach determines whether individuals are best served by education, training or some form of work placement. Other programs targeting long-term unemployed, single parents and people with disabilities have subsequently been developed (or are in the process of being developed) based on a model similar to the New Deal for Young People. Establishing stronger partnerships with private sector employers is another goal of welfare reform, similar to that of the U.S. and Canada. Unlike the U.S. and more in line with Canada, the British public has maintained a stronger social safety net to address issues of poverty, recognizing that many people are poor due to circumstances rather than indolence (Walker, 1998).

# 3. Lessons Learned: Legislative Strategies

Recent legislative changes, whether at the provincial/territorial/state or federal level, have changed the rules under which welfare programs operate. In general, legislation has created a new framework for social assistance, further changing it from an "entitlement" program to one where a broader range of recipients have obligations to move from welfare to work (if they are considered able). Social assistance is more firmly cast as a temporary support, a means of last-resort for those unable to support themselves. Advocates of the reform process support this shift, as it places a stronger emphasis on individual responsibility and the necessity and importance of work for those who are able. Critics claim that too few jobs exist, and those that are available are often low-wage and low-skill that do little to increase self-sufficiency and self-worth. In their view, legislative reforms undo the safety net that took decades to build, while doing little to confront the issue of adult and child poverty.[11]

In this section, we describe how legislative policies have shaped welfare reform. Each facet is described, and, where possible evaluated, to see what lessons have been learned thus far.

| Main Element of Reform | Features |
|---|---|
| Legislation/Regulation | Government requires welfare applicants falling into specific groups (single adults, couples without children and single parents with school age children) to work or seek work. |
| | Those refusing to participate in a job search or in training may face a reduction in benefits or complete termination. In the United States, the total time on welfare is also limited. |
| | The delivery of services has become decentralized. |

## 3.1 Legislative reforms are designed to reduce three work disincentives

One of the objectives of recent legislative reforms has been to increase the incentives to work. Legislative change has focused on adjusting the replacement rates — the ratio of social assistance benefits compared with income available from work — to make work the preferred alternative. To accomplish this, policy makers have addressed three disincentive effects that can potentially trap one in social assistance.

- **The Unemployment trap** — Benefit levels are generally set at some minimum level to provide a basic level of support for those who require it. This level will be interpreted

[11] For a summary of recent legislative changes in Canada, please see Appendix A.

by each country, or in cases where benefits are not federally set, by each jurisdiction, as each sees fit. Wages offered to those with relatively few skills and little experience will be low. When the benefits of not working outweigh the benefits of working, a trade-off will occur. This is referred to as an *unemployment trap* as some individuals will prefer to remain unemployed because the combined package of income benefits are greater than income from work.

- **The Poverty trap** — All social assistance programs have rules governing how much earned income an individual is allowed to retain while on social assistance. These "rates of withdrawal," are typically higher than any tax regime, and in some cases reduce welfare benefits by nearly the equivalent of what is earned (e.g., $100 earned results in a $90 reduction in benefits). Many programs will exempt an initial amount, say the first $100, then apply a marginal tax rate against the remainder.[12] Policy is constrained by the fact that lower withdrawal rates would extend the entitlement to means-tested benefits to a greater number of people. Consequently, recipients may face marginal effective tax rates (METRs) of 70 to 100 percent. This discourages taking temporary or part-time work when unemployed or increasing earnings when employed and receiving means-tested support.

- **The Dependency trap** — Receiving social assistance may confer other non-income benefits, such as child-care, housing subsidies, health care and transportation subsidies. Even where some modest direct gains occur from moving into employment, an incentive may exist to retain the security offered by remaining on social assistance because of the other benefits (OECD, 1998; Moffitt, 1992).

These so-called "traps" are not new and they are all inter-related. They reflect the central tension lying at the heart of welfare policy -- how can we provide a basic level of support to address poverty without undermining the efforts of those who work in low-wage occupations?

The horizontal equity between those on welfare and those who obtain a similar standard of living through work is an important concern for all welfare administrators. To address the *unemployment trap*, many jurisdictions have either reduced welfare benefits or let them erode in the face of inflation, while a smaller number have kept benefit levels at a constant level or in some cases increased them slightly. This has the effect of lowering replacement rates, making work an increasingly preferred activity. Several U.S. states, particularly those in the south (e.g., Mississippi and Texas), purposely maintain very low benefit levels, making social assistance less of an "alternative" than a last and very meagre means of support. In Canada, benefits are generally higher, although they have declined since the early 1990s (National Council of Welfare, 1998). It is difficult to tell what effect this has had on the welfare-to-work transition, as benefit reductions are but one part of a package of reforms that have taken place in a growing economy.[13]

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12 This "tax" is collected by reducing the amount of welfare paid. All jurisdictions employ fraud detection processes to ensure that recipients comply with the regulations.

13 Empirical evidence has shown that increased social assistance benefits can decrease employment rates for select groups (Kapsalis, 1996).

Further, the unemployment trap is not solely a supply-side issue. The mismatch between the returns to welfare and the returns to work also reflects the deterioration in the job market faced by those with poor education. The "dual labour" market is a term that describes the general stratification of the job market into high-skill, high-wage occupations and low-skill, low-wage jobs. The growing divide between these strata, and the deterioration of the employment prospects for those with low education exacerbates the mismatch between the lifestyles accessible by welfare relative to working. The growing evidence on income inequality is a manifestation of this issue (Burtless, 1995; Pavetti and Acs, 1996; Kalil *et al.*, 1998). People may remain unemployed and on welfare because jobs are unavailable, while many jobs that do exist are low-wage and low-skill occupations providing little opportunity for advancement. For those who are not *employment-able* (due to a disability or personal barriers), lowering benefits would only lower overall income, unless other forms of support were provided.

Recent legislative reform addresses the *poverty trap* primarily through increased earning exemptions. Evidence on the effectiveness of this strategy is mixed. Some U.S. studies have found this strategy to have little effect on increasing the labour supply, as individuals have not viewed this as an incentive to enter the labour force (Moffitt, 1992). This may be due to the structure of the benefit, or the failure of individuals to understand how benefit reductions are calculated and, therefore, these people are unable to make decisions based on this information. Alternatively, this strategy may serve other ends, such as providing individuals with a blended income that will enable them to attain a higher income than through social assistance alone. We address this at greater length in Section 5.1.

A discussion of the *dependency trap* has also been a focus of recent welfare reforms. This applies particularly to single parents, who are often dependent on collateral support to make the transition from welfare-to-work. The provision of transitional supports and the broadening of support to individuals based on income (rather than program participation) has extended support to a wider range of individuals. These issues are addressed in our discussion of collateral supports (Section 6).

## 3.2 Sanctions exist in most jurisdictions, although not frequently used

Most jurisdictions have legislation compelling social assistance recipients to participate in either employment or training. Welfare reform has seen an increase in mandatory participation among some groups (single parents), and the extension of "sanctioning" to a greater range of activities. In general, sanctions have several purposes:

- Participation requirements backed up by sanctions may discourage applicants who have alternative means of support or who are not interested in receiving welfare if it means they have to work. The process of discouraging applications is a technique employed by most welfare administrators.

- Sanctions provide a concrete message that welfare has changed, and that the agency will reduce or eliminate grants when expectations imposed on recipients are not met.

- It gives case managers a tool for motivating clients who might not otherwise participate in activities promoting self-sufficiency.[14]

Although sanctions are in place in most Canadian jurisdictions, administrators claim that making participation in programs mandatory for SA recipients is not required for the vast majority of clients. Although sanctions are not new to welfare, they have a higher profile now, particularly in Canada, as welfare programs are more active in promoting the welfare-to-work transition among all employment-able social assistance recipients.

Sanctions vary among provinces and territories, and depend highly upon local conditions such as the availability of work. Some administrators view sanctions as a tool to ensure that social assistance recipients fulfill their end of a negotiated contract or job plan (Gorlick and Brethour, 1998b). Others would claim that the contract is essentially "forced" upon recipients, giving them little choice but to comply or forfeit their benefits (Source: Key informant interviews).

All U.S. states have implemented sanctions as one of their legislative tools, enabling them to withhold some or all of a non-compliant recipient's benefit, or the family's benefit, if they fail to meet the work requirement (National Governors Association, 1998). PRWORA stipulates that states must reduce assistance payable to a family *pro rata* (or more, at state option) for each month an individual receiving TANF funds refuses to engage in work activities.[15] States have considerable flexibility in developing sanction policies, including the length and amount of sanctions (Gallagher *et al.*, 1998). A few jurisdictions in the United States have appeared to rely largely on sanctions and lower benefit levels, coupled with a rapidly growing economy, to reduce and in some cases (e.g., Mississippi) to almost eliminate their caseload. In these instances, sanctions exist to ensure that the welfare reform process has the mechanisms in place so that those deemed eligible are forced to participate in the labour market.

Not all believe that sanctions are necessary or helpful in fostering the welfare-to-work transition. Several critics of welfare reform argue that social assistance recipients willingly participate in well-structured welfare-to-work training programs[16] (Key informant interviews). Further, sanctioning social assistance recipients violates one of the core principles as established under CAP, transforming social assistance from an income support for those in need to a punitive mechanism that further penalizes the poor for being poor.

## 3.3 It is still too early to assess the effectiveness of time limits as instituted in U.S. welfare legislation

Currently, no Canadian province or territory has implemented time limits to govern the length of time that an individual can collect social assistance. Some provinces (such as

14 See Nightingale and Holcomb, 1997.

15 Subject to good cause and other exceptions set by the state.

16 Well-structured typically means offering sufficient benefits and transitional supports.

British Columbia) have experimented with policies that provide higher earning exemptions for a period of time, to provide a greater incentive for individuals to move from welfare to work. Although this may bear some similarity to U.S. time limits, it is not the same. In general, time limits are not part of recent Canadian welfare reforms.

Unlike Canada, the U.S. has implemented two types of time limits: a cyclical time limit governing the length of welfare spells, and an overall time limit. In the former case, individuals receiving welfare for a cumulative total of 24 months are subject to a work requirement. After 24 months, individuals are required to participate in work activities or face sanctions that range from benefit reduction to termination. Recipients are also limited to a cumulative total of 60 months of welfare receipt under a state program funded by the TANF block grant. States that allow recipients to exceed these time limits risk losing a proportion of the federal contribution for social assistance.

The central question associated with time limits, is how and to what degree time limits affect one's labour market decisions. Recipients will face different choices depending on the number of months on welfare, and, consequently, the number of eligible months remaining. Those in the early stages of welfare receipt may consider what their future dependence on income support will be. This may provide an incentive to look for work immediately, because it will preserve eligible time later if the need arises. Others near the end of their welfare eligibility have an even greater incentive to look for work, as their benefits near potential termination. It is commonly observed that as social assistance and employment insurance recipients reach the end of their benefits, their job search abilities increase (Source: Key informant interviews).

One of the difficulties with assessing time limits across U.S. welfare programs is the variable nature of the legislation in each jurisdiction. Since the implementation of TANF, U.S. jurisdictions have adopted their own time limit structure. Given that the five-year limit will not apply until at least 2002, it is difficult to estimate its effect in reducing caseloads. Short-term time limits as applied in Vermont's Welfare Restructuring Project showed a substantial proportion of people moving into work as the end of their time limit approached (Bloom *et al.*, 1998). More lengthy and detailed follow-up is required to verify these findings.

## 3.4 Legislative reforms have decentralized and increased diversity in programming

Though many provinces and territories had experimented with programming prior to the elimination of CAP, legislative and regulatory change has allowed even greater flexibility. As mentioned earlier, the creation of the CHST furthered a trend in social policy reforms as the federal government has less accountability for provincial and territorial social assistance spending. Prior reforms to EI also reflect the evolution of federal/provincial/territorial relations and the interdependence between these levels of government in funding and shaping Canadian social programs.

Although most Canadian provinces and territories have one-tier systems, in which the provincial or territorial government sets rates and the legislation guiding service delivery, most work through municipal/community level programs to integrate social assistance and local labour markets. As Gorlick and Brethour note, "governments have increased their reliance on other actors to assist in implementing welfare-to-work reforms, including members of the public, private and voluntary sectors, other levels of government, neighbourhoods and regions, and racial, ethnic and special needs groups" (1998b). In their view, these partnerships have not been very innovative, with most private sector "partners" becoming involved as a result of wage subsidies. They conclude that welfare-to-work programs "do not offer communities the opportunity to define their own problems and develop solutions. Few, if any, welfare-to-work programs have integrated community-driven approaches to create sustainable community-based jobs that also respond to the social need of the community." Although viable models for community participation exist, these are undeveloped.

Still, some jurisdictions have developed municipal/community partnerships to a greater extent than others. For example:

- In Ontario Works, the provincial government cost-shares with municipalities and First Nations, which in turn deliver the program. Under this model, municipal governments and First Nations (and their delivery agents) create work experience placements with non-profit community and other public sector organizations. These placements offer job experience, provide job search and employment preparation services, access to basic skills and job specific skills training and employment placement services.

- Through its Productive Choices Program, the Northwest Territories government emphasizes community opportunities in programs that are not necessarily work-related, such as volunteering and counselling. Government has adopted this strategy to address localized low employment, while maintaining an emphasis on progressive development. It has also used this approach to transfer resources to First Nations and Inuit communities that are moving to self-government.

- In some states, counties may develop their own welfare strategies. In New York state for example, some counties use a Work-First approach that focuses on quick employment strategies such as job search and work experience. Other counties have focused on longer term training and skills development. This allows for a local "fine-tuning" of welfare.

# 4. Lessons Learned: Short-Term Labour Force Attachment Strategies

At the inception of the current round of welfare reforms, Canadian and American welfare agencies took a more active approach to moving individuals towards self-sufficiency (e.g., from welfare-to-work). This returned welfare to its earlier definition as a temporary measure between terms of employment. Most jurisdictions have adopted a "work-first" philosophy, emphasizing short-term labour force attachment strategies that more closely link welfare programs to the labour market.

Four general objectives guided this transformation:

- assisting social assistance recipients in obtaining regular employment;
- assuring that recipients participate in some work-related activities as a condition for receiving welfare;
- investing in skill development to improve the chances an individual or family can become economically self-sufficient;
- providing other activities for those who are unable to find work due to personal barriers and/or the lack of available employment opportunities.

Of course, welfare agencies differ in their goals and follow objectives differently. Most define *employment-able* social assistance applicants as "job seekers," while expanding the population eligible for some form of welfare intervention. Assessments and quasi-contractual case plans are used in many jurisdictions, establishing mutual responsibility between the case manager and the client for moving from welfare-to-work. Other programs attempt to divert potential social assistance recipients to other programs, if appropriate, or deter them from becoming recipients by stressing the expectations that come from relying upon social assistance.

As part of this "work-first" thrust, short-term Labour Force Attachment (LFA) strategies (focusing mainly on job-search and job-preparation) are increasingly used to quickly move individuals from assistance to employment, regardless of the type of employment found. In some cases, LFA programs may follow initial job-search with work experience and/or short-term education or training for those unable to find work. These strategies are meant to help individuals quickly develop skills and gain work experience, as well as introduce welfare recipients to a work environment.

| Main Element of Reform | Features |
|---|---|
| Short-term labour force attachment strategies | Increasingly, jurisdictions require applicants and recipients of social assistance to look for work immediately. |
| | Jurisdictions use orientations and employability assessments as a "triage" function to allocate recipients to specific interventions ranging from job search assistance to a prolonged program of educational upgrading. Some forgo this process and place all individuals in job search immediately (usually for the first 3 to 6 months). |
| | Some jurisdictions use work experience programs (work in exchange for benefits, subsidized employment, and job creation) in a direct move to connect recipients with work. |

## 4.1 Defining "employability" is difficult

In most jurisdictions, the welfare-to-work philosophy is emphasized at the point of first contact. When individuals first apply for social assistance, welfare workers administer an intake assessment for financial assistance and employability. Often, intake workers complete initial assessments when clients call to apply for assistance, then follow up with an orientation session that explains the expectations of the program. In some jurisdictions, intake is carried out through a single-window delivery system (see below). Employability assessments may even extend backwards to existing clients, in order to draw these recipients into the training process as well.

In principle, the employability assessment triages clients into three groups — *job ready* (those with work experience and education), *training ready* (those whose personal situation allows them to participate in training) and those who are *multiple-barriered* (personal and family problems that preclude participation in training or work). This segmentation makes some sense. A significant proportion of the social assistance caseload returns to work without special programming, although the percentage will vary by jurisdiction, the nature of the caseload and the availability of work.[17] By "profiling" the caseload at the beginning, caseworkers can potentially identify those who would benefit most from a short-term intervention, and those who face significantly greater barriers.[18] This can help eliminate some of the "dead-weight" costs of providing training to individuals who would be able to find work anyway, and shift services to those requiring them the most.

Debate exists about the effectiveness of these assessments. "Employability" is a very hard concept to identify and define, particularly among those who have barriers to employment. Research shows that employment patterns for those reporting barriers are

17 The fact that a certain percentage of social assistance recipients have returned to work without help also may explain part of the caseload reductions in high growth times. With fewer coming on assistance, and a number always exiting, caseloads would fall without any special intervention. Unfortunately, data on caseload dynamics is not detailed enough to explore this interesting hypothesis.

18 According to National Council of Welfare information, another 50 percent seem to be long-term clients with more than two consecutive years of social assistance use and apparently in need of sustained interventions.

similar to those who report no impediments (Olson and Pavetti, 1997). Only those with low basic skills diverge from this trend. As such, some argue that measured barriers to employment predict outcomes poorly and should not be used to allocate training effort.

Considerable variation also exists among jurisdictions on the role of these assessments. In most areas, the most skilled counselors are involved in the process. However, these assessments have not been systematically reviewed for reliability and some jurisdictions have abandoned them entirely. Instead, these same jurisdictions use a "survival" model for triage. Those who cannot get work within three months are in obvious need of additional training. A job-centred approach, individual case management, and tailored training programs for those unable to get work after the initial period are viewed as viable alternatives to formal employability assessments. The argument advanced by administrators in these jurisdictions is that assessments have poor predictive value and do not indicate who is actually able to obtain work. These assessments rely on self-reported data and collect little independent information on education and job histories. The interaction of education, work experience, and family/personal barriers is complex, further reducing the value of intake assessments (Source: Key informant interviews).

Other strategies are also used during the intake process to deter or divert individuals to other programs. Deterrence strategies can include the use of quasi-contractual agreements or case plans, and orientation sessions to essentially "scare" people away from applying for welfare due to the requirements placed on individuals to move from welfare-to-work. Diversion strategies are tactics used to enable families to avoid receiving welfare assistance. These may be provided in many ways, such as one-time lump sum payments and/or the provision of collateral supports (health care, child-care, or other services) to briefly carry a person or family though a short time. If an individual subsequently goes onto assistance, one-time lump sum payments may be recouped. Other diversion strategies may involve moving individuals to other programs that are either more appropriate or available to the applicants (e.g., student assistance, employment insurance, programs specifically for those who are disabled or elderly) (Key informant interviews; NGA Summary of State Programs for TANF, 1998).

## 4.2 Focused strategies promote an immediate attachment to the work force

A core idea in the welfare reform process is the redefinition of social assistance applicants as "job seekers." Administrators do this immediately upon application for benefits to inform the client of the expectation that paid employment is the norm. Most "Work-First" programs, popular in the United States, place the applicant immediately into the job market through a process of job-search (résumé preparation and interviewing skills) and direct job placement. Job search may be self-directed, in which individuals look for jobs on their own and submit a log of their searches to the welfare agencies, or they may be supported. Supported job searches may be conducted in a number of ways: in a group setting, through one-on-one counselling or coaching, workshops, job clubs, through access to phone banks, or through peer support. Other jurisdictions use an orientation workshop where intake workers tell applicants they need to look for work or participate in training in order to receive welfare benefits.

In general, research has shown that programs focusing directly on employment, specifically job-search assistance and short-term work experience, can reduce welfare caseloads, increase employment and earnings (though not necessarily by significant amounts) and, in some cases, reduce welfare costs.[19] Given the short-term nature of these interventions, impacts tend to be greatest in the early stages following the intervention (first 2 years) and particularly when participants are forced to look for work (Strawn, 1998). Some cases exist where earnings have remained consistent after 2 years (Hamilton *et al.*, 1997). The ability to sustain wage increases over time may be attributable to other factors, such as labour market opportunities, academic upgrading and transitional supports. The main goal of quick attachment strategies is to develop that initial job contact that will lead to unsubsidized work activity. After that, it is generally up to the former SA recipient to work their way into other job opportunities.

In the long run, short-term labour market skills training (e.g., job search techniques, résumé writing, interview coaching, etc.) and quick placement approaches do not seem to support clients in economic independence (Gueron and Paully, 1991). Reduced welfare costs occur because individuals work more, and thus receive fewer welfare benefits. Depending on the proportion of wages "forgiven," welfare recipients may or may not be in a better financial position (Strawn, 1998). Many clients still cycle through a series of low-wage, low-skill jobs that require them to stack several part-time positions to support their families. The process of hiring and firing debilitates clients whose poor educational skills do not allow them to obtain and maintain secure employment.

These strategies are also not as effective for all welfare recipients. The evaluation data suggest that, for clients with weak educational backgrounds and who encounter family/personal barriers, these policies alone may not result in wage increases that raise them out of poverty and into self-sufficiency. Those generally benefiting most from this short-term approach include women and sole parents (Fay, 1996).

While short-term labour force attachment strategies can increase labour market participation rapidly, especially in high growth economies, long-term outcomes for many clients are disappointing and underscore the need for a human capital approach, involving training and personal counselling. While it is worth noting that short-term strategies can start social assistance recipients toward possible long-term economic independence, their ability to improve upward mobility and lead people towards self-sufficiency appears limited.

[19] There is a wide consensus that programs employing direct employment strategies are generally cost-effective and can help individuals find jobs more quickly, increase hours of employment and wages, and reduce welfare benefits (Nightingale and Holcomb, 1997). Several studies found increased wage and employment levels (Friedlander and Burtless, 1995). Other research has found increased employment but insignificant differences in earnings (Friedlander, Riccio and Freedman, 1994; O'Neill and O'Neill, 1997).

## 4.3 Work experience programs can be effective for the most seriously disadvantaged among the caseload

Work experience (community placement) programs provide individuals who are unable to find unsubsidized employment an opportunity to develop an attachment to the labour force or to participate in some other form of activity (such as volunteering or community service) (see Cohen, 1998, Friedman, 1999, Gorlick and Brethour, 1998a).

Several versions of this program exist.[20]

- "Workfare" is a program in which work is provided in exchange for benefits. Most community placements are part-time and short-term, providing work experience within non-profit organizations or in the broader public sector.

- Wage subsidies involve direct payments to employers to hire recipients. This model focuses more on private sector employers, and is sometimes collaterally used as a form of job creation.

- Other work experience models pay wages directly to welfare recipients. This provides welfare recipients with earned income that they can subsequently use to obtain other forms of income support.

### *4.3.1 Workfare*

"Workfare" or work in exchange for benefits is used in few Canadian jurisdictions (e.g., Ontario), and in several U.S. states. Most community placements are part-time and short-term providing work experience within non-profit organizations or in the broader public sector. These programs are designed to help with networking and provide a recent job reference.

Some social policy advocacy groups have been particularly critical of "workfare" models, as they are commonly called. These types of work experience programs are likened to the "relief" programs of 60 years ago when social assistance recipients used to sweep the streets. In some cases, unions have opposed them because they directly threaten employment of their membership. Anti-poverty activists argue that these programs stigmatize the recipients. Further, these programs are often difficult to organize and in some cases may be the "dig and fill" (dig the hole, fill it up) variety of job, resulting in little increase in applicable job skills for the participant (Key informant interviews). Instead, they are said to provide captive (as work is mandatory or else benefits are terminated) low-wage labour for employers.

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20 See Gorlick and Brethour (1998a), Torjman, (1998) and Butterwick *et al.* (1998) for examples and summary of research into Canadian work experience programs. See Savner, 1996, and Friedlander and Burtless, 1995 for United States findings, and Martin, 1998 for a broader OECD synopsis.

To counter these criticisms, administrators in some jurisdictions have adopted legislative provisions to ensure that workfare positions do not replace paid labour. In most programs, placements are in the non-profit or public sector in occupations that are new and not previously filled. Many jurisdictions specifically prohibit work placements from displacing workers, and limit the length of time spent in any one work placement so as to ensure that such positions do not become permanent.

An extended model of "workfare" has activities other than work as available participation options with a strong community focus. A version is currently in place in the Northwest Territories as part of its Productive Choices program. The Productive Choices program is mandatory for all income support recipients considered employable. The program's focus is to encourage social assistance recipients to make productive choices from among community opportunities in wellness, learning, training and work experience to increase financial independence (Gorlick and Brethour, 1998a). The program is based on the assumption that individuals wish to be employed and improve their current situation, and that most wish to become more independent if given meaningful opportunities to do so. In areas of high and/or seasonal unemployment, social assistance recipients may participate in non-work-related activities to fulfill their participation requirement, such as volunteering, or participating in counselling or treatment. Options will depend on individual need and the options available within the community. In general, these programs are designed to engage individuals in some form of activity that aids labour force attachment and/or contributes to the community.

Other innovative programs have been implemented by the non-profit sector and exist outside the formal welfare system. For example, the Community Opportunities Development Association (CODA) in the Waterloo region has developed a program that will provide business plan development, financing, marketing assessments, legal advice and accounting services to help individuals move off welfare and into paid employment. The goal is to move 2,000 households out of poverty by the year 2000. Critical interventions include *meeting basic needs* (both **physical** — clothing, food, clean water, protection from abuse; and **mental** — health care services, counselling, substance abuse); *removing barriers* (e.g., transportation, child-care); *building skills* (life skills, language, literacy, job search, academic upgrading and training); and *promoting economic development* (job creation, self-employment, access to capital, and technical assistance) (Torjman, 1998). Evaluation is ongoing.

### 4.3.2 Wage-based work experience

Wage-based work experience differs from "workfare" as individuals are paid a wage rather than simply working in exchange for social assistance benefits. This approach has several advantages. First, providing a wage makes the community placement more closely resemble unsubsidized work. A clear link exists between the hours worked and the payment resulting at the end of the week. Second, it can enable individuals to qualify for other income-based supports, most notably the Earned Income Tax Credit (U.S.). Other program benefits are similar to those outlined above.

Evidence on the effectiveness of community placement programs is mixed. Manpower Demonstration Research Corporation (MDRC) has found wage-based community placements to be cost-effective in several treatment-control experiments (Friedlander and Burtless, 1995). In their study, nearly all states and local programs evaluated increased the earnings of recipients and reduced welfare payments in response to modest government expenditures. It should be noted that these programs were "work placements" that provided earnings, not work in exchange for benefits. Further, they all took place in the U.S., where the unemployment rate has been notably lower than in Canada. Canadian research suggests that work experience can be an effective strategy for difficult-to-place recipients who have little work experience, multiple barriers to employment (e.g., have problems of substance abuse, aggressiveness, etc.) and, as a result, are not easily placed in unsubsidized work (Brown *et al.*, 1998; Butterwick *et al.*, 1998). In general, these programs have not provided long-term gains in employment and earnings.

Other research has found even fewer positive results (Savner, 1996). In general, work experience programs vary in costs, and provide consistently poor results in terms of increased employment and earnings. Program administrators and policy makers also have to pay particular attention to skill development during participation, particularly when community placements play a significant role in the menu of welfare-to-work programs.

### 4.3.3 Wage subsidy

Wage subsidy programs have also drawn mixed results. Although some studies find these programs to be cost-effective when they are well targeted and increase long-term employability, they too have their costs (Butterwick *et al.*, 1998). Wage subsidy programs tend to suffer from a high dead-weight loss (e.g., support is paid for someone who would have found work on their own); substitution effects (exchange one worker for another, rather than creating a new position); and displacement effects (paid labour being displaced by subsidized labour) (Martin, 1998).

Several provinces currently have wage subsidy programs in place, including New Brunswick, Alberta, Saskatchewan and Manitoba. In the NB Job Corps program, older workers are placed with non-profit, private and public sector hosts for terms of six months. In exchange, participants receive a guaranteed annual income of approximately $12,000. An initial cost-benefit and cost-effectiveness assessment shows a positive ratio only if intangible benefits (e.g., increase in self-esteem and self-worth, general life satisfaction) can be valued at $1,533 per year or more. The cost-effectiveness of the project resulted in a negative $2,466 per participant per year (HRDC Evaluation Brief, 1997).

Other benefits may accrue from wage subsidies, such as increasing the effective labour supply by helping people keep in contact with the labour force and maintaining motivation and job skills.

### 4.3.4 Summary

The value of community placement programs depends on many factors, including:

- target population (e.g., all recipients versus the harder-to-serve)
- number of placement opportunities in the community
- importance of community placements relative to other interventions
- length of intervention
- type of placements
- and goals of the program (skill development or simply an opportunity to work)

Administrators who have used such programs have done so in varying ways, reflecting the program's philosophy about what is "best" for welfare recipients. Most will agree that work placements are not a terminal intervention. At best, they can provide an opportunity to work when unsubsidized employment is unobtainable. Their value to individual participants will likely depend as much on the type of placement as the program.

This strategy appears to be more effective when combined with education and additional on-the-job training. It can help people acquire skills, serve as an economic development strategy in areas of high unemployment, and as a longer term sheltered work environment for those unable to compete in the regular job market. These strategies are generally considered as part-time placements, with distinct time limits (either monthly or overall) for participation. In most cases, these strategies are used as a first step towards employment.

The literature has also identified other limitations to work placement programs. Work placement programs generally tend to be small-scale. Often, administrators have a difficult time securing enough placements, and some potential non-profit employers resist hiring social assistance recipients for fear they will require extensive supervision and not be productive. Costs are also important. Like other welfare programs, work experience programs require extensive administration, with staff working to identify worksites, match participants with jobs, and monitor performance and attendance. When collateral supports are added in, costs can increase even further. As such, work experience programs are generally more expensive than merely letting people collect assistance. Finally, many still question the effectiveness of community placement in moving people from welfare-to-work, when education and training may provide a better method for helping individuals become self-sufficient.

# 5. *Lessons Learned: Long-Term Labour Force Attachment Strategies*

Although short-term labour force attachment strategies are increasingly used by welfare administrators to foster a quick transition from welfare-to-work and an increase in self-sufficiency, they are not the only approach. Longer term strategies are also a necessary and integral part of welfare reform, for the following reasons:

- Short-term labour force attachment strategies (job search, job placement) do not seem to support clients in permanent economic independence.
- In many jurisdictions, welfare reform has resulted in those with better education and job experience returning to work. The remaining caseload has a higher proportion with poor education, no job experience, and multiple personal and family barriers.
- Some administrators still see education and training as the best path towards self-sufficiency, although some see this as a costly strategy that primarily helps those with the least disadvantages.
- There remains a high degree of recidivism and partial dependence among welfare recipients.

As such, long-term labour force attachment strategies remain a key component of welfare reform, helping those who find work stay employed, and assisting those with the greatest disadvantages to become less dependent on social assistance and improve their basic skills. These strategies also reflect the need for policies and programs to address the "dual-labour" market, and the challenges faced by those with low education and skills. It also helps address the needs of those who have physical, emotional and/or health problems, or are single parents. Short-term strategies may move people into the labour market more quickly, but for many this is but the first step in a longer term transition away from social assistance dependency.

| Main Element of Reform | Features |
|---|---|
| Long-term labour force attachment strategies | Earned income policies, such as earning exemptions, taxation policies, and earning supplement programs can help promote long-term labour force attachment. |
| | Recipients may undertake a long-term program of educational upgrading, though most programs have decreased direct support for long-term education and basic skills (literacy and numeracy). Post-secondary education, when available to SA recipients, is funded primarily through grants or loans, while support costs may be provided through SA. |
| | Job-retention strategies are increasingly used to help individuals retain employment, by enabling current and former SA recipients to access supports such as child-care, counselling and educational upgrading. |

## 5.1 Earnings and income-based policies help promote long-term labour force attachment

Earned income policies and programs help individuals supplement social assistance benefits with earnings. This is very common in both Canada and the United States. Many recipients combine full-time work or a combination of part-time work and social assistance receipt. Barring other legislative barriers (such as time limits), many will choose not to leave social assistance until hourly earnings provide an overall income level that exceeds what they can earn when combining earned income with social assistance benefits (Lemaître, 1993). A prolonged period of combining income and SA benefits is likely, given that low-income work, even at full time, will not generally move a family above the level afforded by social assistance alone. As such, administrators have experimented with different forms of earning and income-based policies to promote long-term labour force attachment. These programs generally take one of three forms.

- *Benefit exemptions/earning disregards* enable individuals who find work to retain a portion of their income to supplement social assistance benefits. Most jurisdictions allow individuals a flat earning exemption (e.g., $100 of earned income), plus a proportion of the remaining amount (e.g., 50 percent of the remainder) up to an allowable maximum. Benefit exemptions and earning disregards have generally increased with the most recent round of welfare reforms to make combining part-time or full-time work with social assistance receipt a more viable option.

- *Taxation* policies provide recipients with tax credits or income tax relief based on the amount of income earned through employment. Examples include the BC Earned Income Benefit,[21] the Saskatchewan Employment Supplement[22] and the Earned Income Tax Credit (U.S.). Again, the purpose of taxation policies is to provide additional incentives to work and to increase net earnings for social assistance recipients.

- *Earning supplement programs* provide individuals with a "top-up" wage to supplement employment earnings for those with low-entry wages. Earning supplements provide a financial incentive to work, as they enable individuals to maintain a targeted income level. Participants must work for a set amount of time to qualify (e.g., 30 hours per week). Such programs are designed to provide a short period of enhanced income, based on the assumption that program participants will be in a better position to become self-sufficient when the supplement ends. The Self-Sufficiency Project being piloted in New Brunswick and British Columbia illustrates this approach (Card and Robins, 1996; Mijanovich and Long, 1995; SRDC, 1996).

A fourth policy, lying outside the scope of this research, is the use of minimum wage legislation to provide a higher level of support for those in low-wage work, the type of work for which many social assistance recipients qualify. Some argue that raising the minimum wage will provide a higher base income and relieve some pressure on social assistance to provide an adequate level of support. The literature on this subject is growing. Given that many social assistance recipients find themselves in low-wage work and that the minimum wage level affects the level of benefits received, integrating minimum wage policies with the overall reform of the welfare system may be a direction that provincial governments will continue to pursue in the future (Zavodny, 1998; Card and Krueger, 1995). (For a comparison of monthly minimum wage earnings and benefit levels, please see Appendix B.)

### 5.1.1 Benefit exemptions/earning disregards

As mentioned earlier (Section 3.1), policies that increase the level of disposable income may induce more individuals to work who would not have done so otherwise. With higher exemptions, individuals can earn more than they previously would have, and this further promotes the transition from welfare to work.

However, several potential disadvantages may arise from increasing earning disregards. For example, the new rules may benefit those who were already working, resulting in a "windfall benefit." Other individuals may choose to delay their exit from welfare when

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21 British Columbia's Earned Income Benefit (BCEIB) supplements earnings for BC Families with low earnings, providing incentives for families on welfare to enter the workforce. This program is currently funded as part of BC's reinvestment of the National Child Benefit (NCB), although it was already established as a component of the BC Family Bonus initiative prior to the NCB.

22 The Saskatchewan Employment Supplement (SES) is a monthly payment that supplements income earned by lower income parents from wages, self-employment and child/spousal maintenance payments. The SES is meant to assist parents with the child-related costs of going to work, and help families on social assistance move from dependence on social assistance to the workforce.

they otherwise may have left the system earlier to seek employment. Expanded exemptions may also extend the duration on welfare and provide benefits to those who previously would not have depended on SA.

As Bloom indicates (1998), these contradictory forces exist in virtually all "make-work-pay" policies, whether they are inside the system or outside. At present, evidence on the effectiveness of such policies is mixed. There are no firm conclusions as to whether these policies persuade additional people to work or whether they have mostly helped people to work who would have worked anyway.

Other measures may also be considered part of this policy approach. In some jurisdictions, earning exemptions are part of a broader policy to help guarantee social assistance recipients, or low-income workers in general, the chance to have a higher overall income. Increasingly, some states and provinces/territories recognize that welfare recipients may have an extended (or even indefinite) period when income assistance and employment both contribute to family income. The strategy of "income packaging" allows participants to mix benefits from paid work and other sources of income, and accept the low-wage labour market as a given. This policy accepts that it is this level of employment involvement that most social assistance recipients tend to get (Lemaître, 1993). In some jurisdictions, individuals combining employment income and benefits may actually be able to attain a higher level of income than those relying solely on work income, creating an incentive that many welfare administrators would prefer to avoid.[23] When used in this manner, earning exemptions become a long-term strategy to promote the ongoing labour market attachment of social assistance clients, even if it is only part-time employment. (Please see Appendix C for the earning exemptions in Canada.)

### 5.1.2 Tax expenditure policies

Canadian and American tax expenditure policies directed at social assistance recipients and low-income families have similar purposes.

- to extend benefits to low-income families not on social assistance; and
- to help people move from social assistance to work by increasing the fiscal advantages of work.

As part of the National Child Benefit provincial reinvestment initiatives, several provinces and territories have launched significant initiatives that broaden benefits to the working poor, specifically those with families. Ontario has developed the Ontario Child-Care Supplement for Working Families while Saskatchewan has put in place the Saskatchewan Employment Supplement and the Saskatchewan Child Benefit. Other provinces, such as

23 In their summary of social assistance programs, Butterwick *et al.* (1998) point to a recent U.S. study by the Institute for Women's Poverty Research (IWPR) that found that many women find it difficult to find their way out of poverty through full-time work. Two factors are cited: the volatility of the low-wage labour market and the preponderance of short-term, part-time jobs; and the burdens that full-time work places on a single parent. IWPR evaluation of U.S. survey data found that 70 percent of AFDC recipients participated in the labour force and that 75 percent combined AFDC with some other kind of income.

New Brunswick and British Columbia, have developed working income supplements that are extended to eligible low-income working families.

The U.S. has experimented to an even greater extent with earning supplements, through the federal Earned Income Tax Credit program. The EITC is a refundable tax credit available to working persons with low to moderate incomes. Eligible persons can receive tax back, even if they do not owe taxes, but they must file a tax return and document their income to qualify. The EITC can provide a significant amount of income for the working poor. For example, a single parent with one child can earn up to $3,494 (CND$) if they earn between $10,030 and $26,473. Some have argued that the EITC, while generous, does not provide a practical work incentive as the vast majority receive it as a lump sum payment at tax time (Bloom, 1998). Given the deferred nature of this benefit, additional earnings may not help individuals meet day-to-day expenses. Others have suggested that providing this benefit on a monthly basis would help address this problem, although most workers do not take advantage of their ability to do so.

### 5.1.3 Earnings supplement programs

Earnings supplement programs are designed to provide a short period of enhanced income. They are based on the assumption that low wages will increase over time to the point where individuals will become self-sufficient in these jobs after the supplement ends. It also assumes that welfare savings will offset the cost of the project.

Programs of this nature are being tried in two Canadian provinces; in British Columbia since 1993, and in New Brunswick since 1992. These projects (intended to run until the year 2000) are known as the Self-Sufficiency Project (SSP). The SSP was designed to test the effectiveness of time-limited earning supplements on the rates of employment and earnings of social assistance recipients. An experimental model is used to compare the experiences of a randomly chosen treatment group with those of an experimental group. The project is targeted at single parents who have been on social assistance for at least a year. Participation in the project is voluntary. Individuals in the treatment group must find paid work within a year in which they work at least 30 hours per week. The supplement provides half the difference between annual earnings and a benchmark set for each province (see Card and Robins, 1996; Mijanovich and Long, 1995; SRDC; 1996).

Initial findings have shown that the program has increased employability (13 percent) and increased earnings by $137/month (60 percent) relative to the control group. The earnings supplement also decreased welfare participation (14 percent) and it provided a higher than average income per month when earnings and supplements are combined ($235).[24] Although results have been positive in the short run, whether they endure in the long run remains to be seen, particularly when the earnings supplement ends. Later evaluation and follow-up will shed some light on this issue.

[24] All figures represent relative gains when compared with the control group.

## 5.2 Educational upgrading programs can provide an opportunity for advancement beyond the ranks of low-wage labour

With the onset of welfare reform, funding for long-term education and training programs has been on the decline. These programs, commonly classified as Human Capital Development (HCD)[25] strategies, have generally been cut as they were found to be expensive and in some cases ineffective in increasing earnings or employability. They can also carry the potential long-run drawback of creating an incentive to go on welfare to gain access to training (Lerman, 1995). On the positive side, research has shown that education and training programs can, in select cases, have a positive impact on long-term earning potential through skill development. The degree of increased earnings remains a matter of some debate (see Romero, 1994; Grubb, 1995; Mead, 1997; Lerman, 1994, HRDC, 1993, HRDC, 1992).

Some researchers have also argued that human capital development can have important long-term effects. Education and skill training is particularly relevant in a dual market economy in which the wage gap between low-skill labour and high-skill labour continues to grow. Advantages of HCD programs over short-term training are as follows:

- In general, long-term vocational and post-secondary educational programs provide greater depth and range of skill development, and the opportunity for higher wage employment.

- Past job-training programs were generally more client-centred, focusing on the needs of those taking the training, rather than reacting to the needs of employers.

- Low levels of basic education skills are a common barrier to employment among welfare recipients. Research has shown that individuals who fail to obtain remedial education have a poor chance of attaining any success in the labour market (Olson and Pavetti, 1996; Heinrich,1998). Furthermore, while basic skills training does not generally lead to jobs, it may at least prepare individuals for formal job training (Romero, 1994).

Although many agree with these claims, a wide consensus exists that previous program designs often left much to be desired, even when the principles were correct. Common criticisms included:

- *Many programs were not sufficiently intensive in content or length to support long-term self-sufficiency.*

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25 HCD strategies are based on the philosophy that skill development is the most effective way to develop long-term labour market attachment and increase wage-earning potential. Some HCD programs focus on basic education and literacy as necessary building blocks towards later training, job search, and/or immediate transition to the work force. Other HCD programs will include job or vocational training and/or education as a first step.

- *The skills learned were often not readily transferable to the labour market.* As training programs, they were often out of step with the needs of the local labour market and employment opportunities.

- *In many programs a tendency exists to "cream" participants.* Those who need the programs the least are the most likely to receive additional training.

- *Basic educational programs have not been effective without some other substantive training interventions.*[26]

- *Program costs, in many cases, outweigh the benefits* derived from higher taxes/higher earnings and reduced welfare costs.

According to some, the disadvantages of previous HCD strategies outweighed the costs. As a result, welfare agencies have either dropped HCD programs, limited them (providing a shorter term version), or modified them, making them more employment-centred. The path that welfare agencies have taken has depended largely upon the guiding philosophy and objectives of administrators and policy makers.

### 5.2.1 Education programs

The connection between education and employability is well established. Better educated individuals have a lower incidence of unemployment, greater hours worked and earnings per hour, and less reliance on government support programs (Kapsalis, 1998). A central question facing welfare administrators is not whether education is important, but how it should be structured to both benefit social assistance recipients and promote the fastest transition from welfare to work. A further question is what level of education should be provided for social assistance recipients and what costs should be borne by them.

To further reduce the incentives to collect welfare, while promoting a quick transition from welfare to work, welfare administrators have scaled back the availability of post-secondary education and vocational training programs for social assistance recipients. Many jurisdictions have cut their post-secondary educational programs completely, while others require individuals to financially support themselves through grants or student loans, while covering additional collateral supports and living costs through either social assistance or the department of education. Other jurisdictions have retained only short-term vocational training (generally less than one year) as part of their set of interventions. This option, commonly referred to as Purchase of Training, has shown some positive effects, particularly in terms of employability; however, increases in earnings have generally not been significant. Overall, there is some indication that earning impacts may grow in the long term, although in many cases, long-term data supporting this claim are limited (Lemaître, 1993).

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[26] In general, these programs do not have significant impacts on increasing employability, or improving an individual's score on aptitude tests (Freedman and Friedlander, 1995, Strawn, 1998). This may be expected, as those requiring upgrading begin with lower educational skills and may have other barriers that prevent them from finding work. In order to reflect their long-term impact fully, a longer follow-up term is needed, especially since these programs are generally directed at a more disadvantaged segment of the welfare caseload.

Those adhering to the philosophy of the "shortest path to employment" see long-term vocational or post-secondary education as an elongation of one's time on welfare (Key informant interviews). Reducing, eliminating or transferring these programs to other funding sources clearly reduces their associated costs. Those jurisdictions transferring this responsibility and funding to other programs may also help deal with the stigma attached to welfare participation, as participants in post-secondary education or vocational training are no longer specifically SA recipients, but rather students receiving financial assistance as many students now do.

Critics of welfare reform argue that this is nothing more than a statistical sleight of hand that shifts an additional burden onto the poor by increasing their level of indebtedness (Key informant interviews). In their view, jurisdictions eliminating support for long-term training deny an opportunity for individuals to gain skills and education that could potentially lead them to higher wage, long-term employment. It should be noted that the transfer of a greater proportion of financial responsibility from government to the student is indicative of a societal shift in post-secondary funding, and again, not solely a feature of welfare reform.

Changes have also occurred in the area of basic education and literacy. Although basic education and literacy, by itself, does little to move people from welfare to work, most see it as a fundamental building block in the transition. In general, social assistance recipients (SARs) have a lower level of education and literacy than non-social assistance recipients, making basic upgrading a necessary first step for many.[27]

In many jurisdictions, remedial education has also taken on an employment-centred focus. Often courses may couple together services such as literacy or ESL, adult basic education (ABE), job search, short-term job placement and counselling with classroom and/or on-the-job training. In some cases, this strategy has proven to be effective in providing a basis for individuals to continue with employment or additional training (LaLonde, 1995; Butterwick *et al.*, 1998).

### 5.2.2 Labour market training

Although commonly linked to educational programs, job-training programs are distinct from education in several ways. First, job-training programs are short, often lasting between 10 and 15 weeks. Second, training programs target specific groups (e.g., those collecting EI or SA), while education programs are available generally. Third, a range of service providers offers training programs, including educational institutions, private contractors, employers, community-based organizations, firms, and unions. As such, it is often difficult to determine how services are organized and provided. Fourth, job-training programs may combine standardized elements, such as classroom training with on-the-job training, work experience, job search and counselling (if required). The variety and range of services are so great, that it can be difficult to tell what component or set of components

[27] This difference is greatest when comparing non-working SARs with working non-SARs, as the former have on average 9.5 years of education compared with the latter's 13.1 years (Kapsalis, 1998).

is most effective. Training programs are also generally more employment-focused, and often represent a "second chance" for individuals who seek upgrading or a path for re-entering the labour market (Grubb, 1995).

Several criticisms have been made of past job-training programs. Trainers often "cream" participants, focusing on those who are the easiest to train and place.[28] Skills provided through training may not always reflect the needs of the labour markets. The length and nature of training is not always effective in accomplishing the target goals. As Friedlander *et al.* note,

> *The broadest generalization about the current knowledge of government training programs for the disadvantaged is that they have produced modest positive effects on employment and earnings for adult men and women that are roughly commensurate with the modest amounts of resources expended on them. The positive effects for adults are not large enough to produce major aggregate effects on employment and earnings among low-income target groups, and the programs have not made substantial inroads in reducing poverty, income inequality, or welfare use. Moreover, they have failed to produce positive effects for youth.* (Freidlander *et al.*, 1997)

These points have been amplified elsewhere, particularly with respect to job training that was classroom-based with poor linkages to the labour force. Such programs have consistently been shown to be relatively ineffective in various regions of the U.S. and Canada (HRDC, 1992).[29] W. Norton Grubb, who has done substantial research into U.S. job-training programs has this to add:

> *A conventional reading of the evaluations is that many (though not all) job-training programs lead to small but statistically significant increases in employment and earnings, and (for welfare recipients) small decreases in welfare payments; where cost-benefit analyzes have been done, the social benefits usually outweigh the costs (but not always). One might conclude that these programs have been successful and should be continued. However, the gains in employment and earnings are, from an empirical standpoint, quite small: they are insufficient to move individuals out of poverty, or off welfare; their effects often decay over time, so that their benefits are*

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28 Most welfare agencies will assess service providers' performance, based on their ability to place individuals in full-time employment following completion of a training intervention for a set period of time (usually six months). When success is measured in this manner, there is an incentive for service providers to target those with the greatest chance of finding employment. This has been a concern among many program administrators, particularly in the United States where caseloads have declined rapidly leaving a greater proportion of those with multiple barriers. In some jurisdictions, welfare administrators have redeveloped their performance measures and contracts based upon the nature of the caseload with which a trainer has to deal. This has resulted in a broader range of collateral services, lower placement targets, and alternative performance measures (e.g., increasing skill level rather than employment) (Source: Key informant interviews).

29 Classroom training has been unsuccessful for young men. Groups benefiting have included women re-entering the labour market (who are typically older) for training in shortage occupations. Success also depends on the individual characteristics of the program, such as the types of skills taught and the appropriateness of skills and curriculum (HRDC, 1992).

*short-lived; and as they are currently constructed they certainly do not give individuals a chance at middle-class occupations or income. In my interpretation, therefore, the successes of job-training programs have been quite modest, even trivial.* (Grubb, 1995).

The goal of most current training programs is employment, giving job-training programs under welfare reform a more directed emphasis than past educational and job-training programs. Training programs are often more closely integrated with private and public sector employers and government departments of education. In many jurisdictions, job-training strategies have been scaled back in length,[30] and are now more directly linked with employment opportunities.

Linkages between training programs and private sector employers are cultivated in many ways. Training programs are often contracted out to third party training organizations (service providers), including educational institutions, community-based organizations, unions, proprietary schools and private trainers. This process alone will not necessarily guarantee close linkages to the job market. It remains the responsibility of those involved in the contracting process to ensure that trainers develop tight linkages and ensure that training will lead to future employment.

Several advantages arise from third-party training:

- It uses existing community resources and experienced trainers who may have contacts with businesses to facilitate the transition from training to work.

- On-the-job training provides a clearer and more direct linkage between the type of training received and the ability of the labour market to support it.

- Education and training programs are becoming more closely aligned with state and provincial/territorial education and training policies directed at the general population. Governments are concerned that the educational requirements of the modern economy have risen, and are emphasizing a range of post-secondary training.[31]

- Increasingly, education and training are being considered as part of an employment continuum, providing quicker integration into the labour market for many clients. While previously, the use of basic education programs such as GED may have been treated as an end in itself, it is now seen as a step toward obtaining additional job-training or more advanced education (Strawn, 1998).

Even programs with strong labour market linkages can fail if adequate supports are not provided. In general, job-training programs that provide intensive supports have had

30 In the United States, job-training strategies generally last between 10 and 15 weeks (Grubb 1995).

31 Recent work by Baumol and Wolff (1998) suggests that the duration of unemployment is rising even though fewer are drawing benefits. The conclusion they draw is that the educational demand of the modern economy is shutting out a subset of workers who find it progressively more difficult to secure long-term employment.

significant income increases, when tested across a range of programs (Butterwick *et al.*, 1998). However, as training shifts to the worksite, accessibility to child-care, collateral supports (counselling, life skills), and ongoing income supports are seen by many as necessary for training to be effective.

## 5.3 Job retention strategies are important in maintaining labour force attachment

As welfare agencies continue to move those with fewer barriers from welfare into work, a more difficult caseload remains. Those with fewer skills and education are more likely to find unstable or low-paying jobs, cycle on and off welfare, and find jobs with limited benefits (Harris and Edin, 1997, Blank, 1995). Further, those who typically find intermittent work are less likely to find jobs providing on-the-job-training and the chance to build skills that are rewarded in the labour market through increased earnings and stability (O'Neill and O'Neill, 1997).

Even those with relatively few barriers to employment may find leaving welfare to be a long, unpredictable, and cyclical process characterized by job loss and other setbacks. Although many recipients have relatively short spells on social assistance (e.g., less than 2 years), others have multiple spells of varying length over a number of years. In fact, recipients commonly return to welfare within the first year of finding employment. Canadian evidence suggests that there has been a rise in long-term cases after 1990, while shorter term cases appear to rise and fall in bad times (National Council of Welfare, 1998c). Again, the work of Baumol and Wolff (1998) offers an important clue about the educational requirement of the modern economy.

Many clients cycle on and off welfare over short periods of time.[32] Given the increasing difficulty of the caseload, job retention strategies are an important component within the menu of welfare-to-work programs. Simply put, job retention strategies aim to help SA recipients who find work, keep it.

Academics, administrators, policy analysts, and government all recognize the need for more research and development in this area.[33] This is reflected both in theory, by the growing literature on the subject,[33] and in practice, by the numerous pilot projects across the United States and Canada. Analysts also understand that the reasons for job exit depend on both the nature of work available and the needs/abilities of individuals, as well as the specific barriers they face.

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32 In general, cycling on and off welfare is a common experience for many welfare participants. U.S. studies have shown that between 25 percent and 40 percent of women who left welfare for work were back on AFDC within a year, with the first six months representing a particularly vulnerable period (Brandon, 1995). Other studies have indicated much higher rates of job loss, with approximately 60 percent having lost their first job between 12 and 16 months after leaving welfare, with over half remaining unemployed after losing work (Harris, 1996). Job instability appears to be more common among those who turn to the welfare system for support, when contrasted to those who never do (Pavetti and Hershey, 1997).

33 See the following (Harris and Edin, 1998; Blank, 1997; Pawasarat, 1997; Burtless, 1995; Friedlander and Burtless, 1995; Glazer, 1995; Heinrich, 1998; Rangarajan, 1998).

- For example, some find that working provides few rewards. Those who obtain work are often only marginally employed and financially insecure. Many low-wage jobs offer no fringe benefits and give little assurance of a steady income. Others fear layoffs or firing due to the seasonal or temporary nature of work, coupled with the ready supply of unskilled labour in some regions.

- A further segment of the population finds it difficult to adapt to workplace culture, as they lack the so-called "soft skills," that is, dealing with co-workers and authority figures in a workplace setting.

Once again, during welfare reform, most jurisdictions find that the remaining caseload presents more complex and difficult problems. Strategies need to become more sophisticated and often more costly (per client). In some cases, such as single parents with young children, the optimal tactic may be to simply ask the client to return home and care for the children until they are in school.

### 5.3.1 Lessons learned in helping those with high job entry barriers

Several lessons learned can be drawn from the emerging literature on training those who face high entry barriers to the labour market:

- transition benefits are essential (such as child-care, medical supports, transportation supports, etc.);

- increasing and continuing access to child-care to allow single parents to maintain their position in the workforce;

- increasing welfare recipients' awareness of workplace culture, work requirements, and norms of the work place;

- easing access to re-employment services to speed the return to work if a job is lost;

- ensuring strong inter- and intra-agency communications as a basic process for promoting job retention and job finding;

- ensuring that emergency assistance programs help clients with crises (Rangarajan, 1998; Rangarajan, 1996)[34].

Welfare agencies have experimented with some or all of these practices in recent years. In particular, administrators have paid close attention to transitional benefits, collateral supports, and emergency supports. Whether agencies develop "soft-skills" and provide a

[34] Many on social assistance have complex lives that are easily upset. Because these individuals have little savings and no access to credit, they have a reduced ability to "solve" problems, such as a car repair. These "crises" can easily overwhelm them and compromise job gains. Only after the SA client has been employed and recovered their credit, will they have an increased ability to surmount these problems.

flexible "case managed" system will depend on the overall philosophy of the welfare program. Some programs, particularly in the U.S., provide very minimal levels of additional support.

### 5.3.2 Mixed strategies are receiving increased attention

Job retention strategies are evolving beyond the linear occupational ladder. The linear occupational approach sees clients moving through successive interventions of increasing complexity, until stable employment is achieved. Instead, in some jurisdictions administrators now place clients into a set of simultaneous interventions, using "mixed strategies" to move individuals from welfare to work. Job search, training, counselling, and other interventions are offered simultaneously to get clients into work and to maintain their employment, while also encouraging them to upgrade their skills. Mixed strategies are an effective strategy for a broad range of the clientele, as they combine a work-first focus as well as skill development (Strawn, 1998, Grubb, 1995, Heinrich, 1998, Brown, 1997).

Successful mixed strategies seem to share the following characteristics:

- providing a portfolio of job search, education, job training and work placements;
- emphasizing employment throughout the contact with the SA client;
- communicating a consistent message to staff and recipients (see below);
- committing adequate resources to serve the full mandatory population;
- enforcing participation requirements, while setting high expectations for participation;
- developing a cost-conscious management style;
- having close ties to employers.

Similar programs have been tried in other OECD countries as well. Australia's Job Education and Training Program (JET) is a prime example. The JET program emphasizes the notion of a training continuum, providing a structured pathway to employment. The program is tailored, since participant needs and aptitudes vary. An important component is building education and skill levels to improve long-term employment prospects, with a focus on continuous improvement. This model works well in the Australian context, as many JET participants combine part-time work with training, education and child-raising until such time as they are able to take up full-time work (Australia, 1997).

In summary, long-term labour force strategies are supporting social assistance clients over an extended period. While no one really knows the success of these policies at this time, most administrators accept as an article of faith that they will benefit their clients in the long run.

## 5.4 Targeted training and tailored programming is the latest approach

The uncertainty around the effectiveness of training program evaluations reflects difficulties in targeting specific types of programs. Welfare recipients are not a homogeneous group, although they are often assumed to be. Recipients vary considerably in terms of age, personal conditions, experience in the labour market, education, work skills and family type.

Targeted training has been used for important subgroups that may benefit most from specific intervention. Tailored programming, or case management as it is sometimes called, provides a series of interventions and collateral supports based on the needs of recipients. This individual case management approach is labour-intensive and expensive, but again appears necessary with caseloads that are presenting administrators with more complex problems. As Butterwick *et al.* suggest in their research:

> *It is unlikely that any one program will have positive impacts for large numbers of people in any given context (and particularly across contexts), partly because large-scale programs are more likely to have negative effects on the labour market — unless, of course, the labour market has been reformed to be compatible with the changes made. This indicates, once again, that small-scale, well-targeted programs will likely meet with more success.* (Butterwick *et al.*, 1998).

This finding is supported by other research, as noted in Fay's (1996) examination of active labour market policies in OECD countries. Extending small-scale programs on a larger scale or to other jurisdictions or countries may not produce similar results in Canada, especially if structural and philosophical differences exist.

Jurisdictions use targeting strategies to different degrees. Many still rely on generic programs (such as job search) to achieve faster caseload reductions. This keeps costs low. Some jurisdictions also target specific groups for programs, particularly youth, disabled, and single parents. In provinces such as British Columbia and Ontario, legislation has been used to separate those who are disabled and requiring income support from those who are not. This enables administrators to direct strategies to these groups. Other provinces have developed programs specifically for single parents. This is the case in Manitoba, where the Taking Charge! Program was created to deal specifically with this client group, and develop innovative strategies to address their needs. Collateral supports, such as on-site day care and training, are key components of this approach. One of the effects of third-party training is the creation of a multiplicity of interventions addressing the needs of specific clients.

### *5.4.1 Youth present important challenges*

Youth are often targeted for early program intervention. Administrators we interviewed told us they worry that youth may become continuing recipients of income assistance. Empirical evidence supports this claim. U.S. research suggests that 30 percent of the

TANF caseload consists of parents aged 19 to 24 with children under five years old (NGA Issue Brief, 1998). Most of these parents lack high school education and have limited work experience. Several administrators also emphasized that welfare reform was motivated in their jurisdiction by the perception that children in these families faced a very bleak future as long as their parent remained on assistance and out of the work force. In Canada and other OECD countries, where single employables are also considered part of the welfare caseload, unemployed single youth are important targets for training.

Few programs in this area have succeeded in raising youth earnings and employment to any extent — careful targeting is required (Fay, 1996). In the Canadian experience, even when programs have produced positive results, their impacts are generally moderate (HRDC Lessons Learned on Youth Employment Programs). One possible exception is the U.S. Jobs Corps program. Some link this program's success to its innovative approach of removing youth from their habitual environment and creating a closed residential environment with strict rules and intensive education (Fay, 1996; Friedlander *et al.*,1997). In general, school dropouts have serious motivational problems or family dysfunction not easily resolved by school or entry into a work experience program alone. A generalized multiple intervention approach seems essential for many of these young people.

Rather than pursuing either education or training in isolation from each other, some programs have combined two or more interventions to provide a job-focused emphasis with academic upgrading and life-coping skills. High school education in isolation from these other interventions, especially job-oriented training and skill development, has little merit. Connecting education to work and occupations provides a labour market focus and basic job skills that motivate students. Selected Canadian research helps support this claim.

- An HRDC study found that youth benefit substantially from certain kinds of training, in particular, on-the-job work experience and a mix of on-site and off-site instruction. Classroom training in isolation from other forms of intervention is considered particularly poor (HRDC, 1992).

- Other studies suggest that developing successful programs may be costly and intensive, and that labour market policies alone cannot solve the problem of youth unemployment (Fay, 1996).

- The Youth Employment Strategy support of the Digital Collections Program (Industry Canada) has successfully trained street youth to create multimedia and Internet presentations.[35]

- British Columbia has attempted to address youth unemployment by developing a separate program for youth between 19 and 24, called Youth Works. This program provides job search, job preparation, work experience, and training for eligible youths requiring participation in a work activity in exchange for benefits. Post-secondary

35 The Digital Collections website is located at *http://collections.ic.gc.ca*

education, community employment training, basic education and workplace training are all potential options for those who are unable to find work during the first nine months in the program.

- The Compass Program in Nova Scotia also provided unemployed youths (aged 18 to 30) with work experience as part of its Work Experience Option (WEO). In the first year of the program, clients were paid a weekly allowance of $160 for up to 26 weeks. Thereafter, it paid a minimum wage of $5.15 an hour for up to 16 weeks. Private, non-profit and public sector employees were eligible. Findings from the summative evaluation indicate that approximately one-quarter to one-third of WEO participants were employed after the subsidy ended. Impact on earnings were not found to be significant, although descriptive data suggest a positive effect (Human Resources Development Canada, 1997).

# 6. *Lessons Learned: Collateral Supports Are Essential in Promoting Employment*

Government offers many support programs for low-income families and individuals that clearly benefit social assistance clients. For example, the National Child Benefit (NCB) is the most recent example of an initiative directed to low-income families with children. Federal assistance to low-income families with children results in lower provincial/territorial spending on social assistance and other programs. Under this plan provincial/territorial governments reinvest savings and their own contributions to the program into initiatives to benefit children and families on welfare and the working poor more generally. (Please see Appendix D for a summary of provincial/territorial application of this program.)

Among collateral supports, administrators stressed child-care programs supported through tax benefits/credits and direct subsidization of spaces as fundamental.[36] Other supports, such as transportation and extended medical coverage can also be significant in helping people move from welfare to work. Extending these benefits for a transitional period is widely considered necessary to ease the transition to work and to help individuals move toward self-sufficiency.

| Main Element of Reform | Features |
|---|---|
| Collateral Support Programs | Child-care programming has increased through expanded subsidization and/or child tax credits. This is considered essential for welfare reform. |
| | Transportation supports are also necessary to reduce spatial barriers to work. |
| | Many provinces are introducing expanded health benefits and increased cash support for children in poverty under the National Child Benefit, and this is proving to be important for welfare reform. |

## 6.1 The National Child Benefit provides reinvestment in anti-poverty measures

One of the most significant collateral reforms of the welfare system in Canada has been the creation of the National Child Benefit (NCB). The NCB consists of contributions by federal and provincial/territorial governments as a means to provide additional tax-based

36 Much of this information is drawn from interviews with administrators in Canada and the United States. Little is available in the research or academic literature.

income supports and programs for low-income families. As of July 1998, low-income families were eligible for a maximum Canada Child Tax Benefit of $1,625 for the first child, $1,425 for the second child and an additional $213 for each child under 7. Previously, benefits for children were often administered through the welfare system, resulting in administrative waste, stigmatization of recipients, and non-support for the "working poor." The revised NCB system broadens support to all low-income families with children and provides a more efficient, non-stigmatizing, income-tested program for a greater range of people. (See Appendix D for details).

The federal government encourages provinces and territories to further develop welfare-to-work programs, based on the understanding that savings resulting from the NCB will be spent on programs to reduce child poverty and promote workforce attachment. Every province and territory has developed its own reinvestment strategy. Programs generally target the working poor, delivering health and child-care benefits or income supplements to poor families. The BC Family Bonus and Saskatchewan's Child Benefit are two examples. In two jurisdictions (Newfoundland and New Brunswick) the NCB savings is passed directly back to families on SA.

The NCB is an important development that supports welfare reform by broadening support to low-income families and detaching it from program participation (e.g., it is not specifically targeted to SA or EI recipients, or a particular target group). Many advocacy groups see the NCB as a positive development, although requiring further development and funding to be fully effective. Administrators and key informants also told us that it reflects how federal/provincial/territorial programs and policies are increasingly being co-developed to promote change through a variety of systems.[37]

## 6.2 Accessible child-care is mandatory for any welfare reform programming

Ensuring that child-care is accessible to single parents is essential for any welfare reform program. For most single parents on social assistance, child-care represents a significant expense, and is probably the main barrier to seeking employment.[38] Difficulties finding adequate child-care prevents single mothers from accepting employment, changing jobs, accepting promotions, or taking advantage of training or education. With the most recent round of welfare reforms, most jurisdictions now emphasize child-care supports as single mothers are expected to participate in welfare-to-work activities while their children are young.

In general, the three main barriers that social assistance recipients face with respect to child-care are: *cost, availability* and the *quality* of available care.

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37 Evaluation of the National Child Benefit is starting in the summer of 1999, but preliminary results will likely not be available until 2001 or 2002.

38 To illustrate this point, Kisker and Ross (1997) point out that a single mother with one child, working full time at minimum wage for an entire year, will spend 38 percent of her income on child-care. Women with additional children will see this proportion rise even higher.

- The cost of child-care is the most often cited constraint on choice (Kisker and Ross, 1997). Most jurisdictions will cover a portion of costs through subsidies, though often these subsidies still leave a significant financial burden on the SA recipient. Responsibility for child-care has increasingly become a provincial/territorial concern. Reinvestment strategies under the NCB in some jurisdictions may provide additional support in this area. For example, Ontario and New Brunswick use NCB funds to invest additional funding into child-care. This has also occurred in some U.S. states, where caseload reductions have resulted in savings that are reinvested in child-care. In some cases, the savings from social assistance have allowed these jurisdictions to increase their spending on child-care by a factor of three or four (Florida is an excellent example of this reinvestment strategy).

- High child-care costs affect other labour market decisions. Research suggests that high child-care costs have led many single mothers to change jobs or alter the hours that they work (Kisker and Ross, 1997). These costs become even more important during the transition off welfare and into work. In some jurisdictions, eligibility for subsidized child-care is based solely on income, rather than program participation, broadening its availability to low-income workers. To counter these problems, many jurisdictions in Canada and the United States now provide transitional child-care benefits to allow individuals time to develop stronger labour force attachments and possibly move into a higher wage position. These supports typically last for one year following exit from social assistance, under the assumption that a year will allow individuals time to develop self-sufficiency.

- Availability of child-care spaces is another important problem. With increasing numbers of single parents working or expected to work, child-care capacity has had to expand to accommodate this growing proportion of the work force. The availability of child-care is also a major issue for those who work part time in the service sector. Work of this nature is often at irregular hours when child-care centres may not necessarily be available (Kisker and Ross, 1997). Availability is also a concern in rural regions. Care in these areas is often provided in non-formal settings, such as through relatives or home-based care (Key informant interviews).

Quality of care is the third main concern, particularly among those who must rely on informal child-care settings. Low-income single parents will generally have fewer options for placing their children especially if they lack cars. Strategies to improve quality are somewhat frustrated since this may lie outside the direct responsibility of welfare agencies.

Compared with Canada and the U.S., European OECD nations have devoted more funding to child-care, ensuring that it is available as a right of all families. France, Sweden, Denmark and Finland consider child-care to be essential to both child development and to single parents' participation in the labour market (Kalisch *et al.*, 1998). This model is costly, but ensures a higher and more consistent quality of child-care service. Australia has a comprehensive publicly funded system of child-care, while New Zealand and the UK rely more on the unsubsidized private sector to provide for lone mothers.

Jurisdictions that fail to offer child-care alternatives while requiring recipients to work or train will experience limited success and/or impose considerable hardship on families with children. Key informants emphasized that the more adequate and available the child-care, the higher the employment rate among single parents.

## 6.3 Transportation assistance

Transportation subsidies are yet another important collateral support for welfare reform. With the "suburbanization" of the job market, urban workers often need to travel extended distances to a job (Pugh, 1998). In the U.S. especially, the spread of suburban growth has far outpaced the reach of city-based public transit systems. Low-rent accommodation and low-wage employment are often not co-located. In other areas, bus schedules are inadequate and poorly timed, and there is a lack of transportation to industrial centres where some work suitable for low-skilled employees exists.

Recent American research literature offers several insights, although its applicability to the Canadian situation depends highly on demographic characteristics, specifically the number and location of people on social assistance, the number and location of entry-level jobs, and travel times between home and work (Pugh, 1998). Findings show that public transportation is often impractical, due to the distance between home and work. In some cases, distances are so great that the cost of transportation exceeds the benefits gained from work. Transportation constraints for single parents are particularly onerous due to "trip chaining," as they often have to incorporate a number of smaller trips (e.g., dropping off a child at day care) into their commuting pattern.

Several solutions to such problems have been attempted. Most jurisdictions have traditionally allowed families to own a car. Other areas support already subsidized public transit for SA recipients (often through bus passes) or provide additional funding for car repair and licensing. Often, welfare agencies will subsidize mileage or allocate a set transportation subsidy based upon individual transportation costs. These approaches are beneficial, but only reduce part of the burden of low-wage employment (Source: Key informant interviews).

In the United States, other localized experiments have been attempted. Some jurisdictions have worked co-operatively with specific employers that hire large numbers of social assistance recipients to arrange work schedules to coincide with the availability of public transit. In other cases, employers have provided specific transportation arrangements. Still other jurisdictions have facilitated the donation and repair of older vehicles, and provided loans to eligible individuals for lease or purchase of vehicles. These types of transportation supports depend highly on local geography, and effective strategies will vary by region and the availability and nature of public transit (Kaplan, 1998b).

## 6.4 Health care

Administrators recognize that health costs for SA recipients and/or their children are potential barriers to work.[39] U.S. data suggest that almost 90 percent of the social assistance caseload experiences substance abuse, a health limitation, chronic depression, or a child with a chronic medical condition or serious disability (Pavetti and Olson, 1996). One solution has been the provision of extended health care. Extended health care can help subsidize medical costs such as prescriptions, emergency dental coverage, eyeglasses and eye examinations that typically are available as fringe benefits in higher wage occupations (Gorlick and Brethour, 1998a, Key informant interviews).

At the same time, evidence exists that success in gaining some form of employment is as common among those reporting health problems, as those reporting none. However, those with health problems are more likely to work part time or part year. As such, the process of identifying barriers to employment (through an index or score) remains difficult when we incorporate non-educational/work experience factors into measures of employability.[40] Extremely low skills appear to be the indicator that most distinguishes whether or not an individual will enter the labour market (Pavetti and Olson, 1996).

Given the lack of indicators of employability that respond to health barriers, welfare administrators remain with the problem of how to target assistance and structure health benefits for SA clients. Strategies depend in part on the philosophy of the welfare program. As noted above, some jurisdictions rely on initial assessments to target supports to those who require them, while others adopt a "survival" approach, placing individuals immediately into job search. Among those programs instituting mixed strategies, counselling and other forms of health aid may be integrated into an overall employability program. All this being said, most administrators offer health care support to SA clients based on their subjective assessment of the likelihood individual clients will gain work through such approaches. Once again, this need to tailor programs is a major reason why program delivery needs to be decentralized and locally responsive.

Some jurisdictions extend health support for a transitional period. This strategy is likely to be effective only when individuals eventually earn more through work to cover these costs, or if they obtain fringe benefits. Extending medical supports on an income-tested basis to a wider segment of society may also help offset the disincentive effects of welfare receipt. Again, this would separate health supports from social assistance. Most administrators shy away from this, as it would have high "up-front" expenditures. It is an open question whether these initial costs would be recovered from the taxes of the participants at a later time.

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39 Health problems can include physical disabilities, mental health problems, health or behavioral problems, substance abuse, domestic violence, and learning disabilities.

40 The Canadian experience diverges from that of the U.S. The existence of public health insurance in Canada means that all citizens have access to certain levels of care. For Canada, the important health barriers will be related to prescription drugs, prostheses and services not covered by various universal health plans.

A few jurisdictions have begun the process of extending care through their own NCB reinvestment initiatives, although the target has generally been children in low-income families. Newfoundland has extended medical coverage for six months after leaving social assistance as a result of their NCB reinvestment strategy. The Alberta Child Benefit provides basic coverage for dental, optical ambulance and prescription drugs for children in low-income families. Saskatchewan's Family Health Benefits provides supplementary health benefits to low-income working families receiving the Saskatchewan Employment Supplement and/or the Saskatchewan Child Benefit. The PEI Family Health Benefit is similar to the latter program.

The U.S. has also experimented with providing transitional Medicaid Assistance to help welfare recipients. Twelve-month transitional Medicaid coverage is mandatory for families who lose their TANF benefits eligibility due to increased earnings. During the second six months, coverage may be reduced and a premium charged. Twelve states provide transitional coverage from 18 months to three years. Other states extend enhanced Medicaid coverage to low-income families and/or children, further de-coupling collateral supports from the social assistance system (NGA, 1998).

## 6.5 Additional collateral supports address specific barriers: job costs and housing

Job-related expenses can hinder SA clients in their transition to work and are covered in most jurisdictions. They often include work tools, special clothing, fees and permits. Moving expenses may also be covered, particularly when relocation will bring a recipient closer to a work opportunity. The NWT has a winter clothing allowance to ensure that social assistance recipients will have adequate clothing for the winter months.

Finally, housing represents a significant expense for welfare recipients, although this again is a cost borne outside of the social assistance program. Often, government pays rent directly to landlords at a lower than free market level. Some programs may help cover rent and repairs as required.

In general, research is sparse on the impact of collateral supports on re-employment. Administrators we interviewed recognize the need for collateral supports, and have tailored supports to meet the needs of their caseloads. The degree and kind of support varies among jurisdictions. Often, solutions straddle several departments and require inter-agency support.

# 7. Lessons Learned: Changes to the Delivery System

Prompted partly by restraint and partly by private sector approaches to customer service, government has adopted a range of innovations that also support welfare reform.[41] Two changes stand out:

- First, provincial/territorial governments have started to reorganize their services to integrate social policy and labour market development (education and training) programming. The federal government has devolved much of the responsibility for labour market training and development to provinces and territories.[42] Co-location has also provided "one-stop, single-window access" to services.

- Second, recent reforms to provincial/territorial welfare systems encompass minor adjustments to major changes in philosophy. These changes have often required major adjustments in attitude by staff. Not only do clients need to understand the work orientation of social assistance, but many staff need to make the shift in perspective as well.

| Main Element of Reform | Features |
|---|---|
| Changes to the Delivery System | Integrated case management treats client income and employment need from all perspectives. |
| | Single-window services used to speed the transition from intake to training to job placement. |
| | Administrative culture shifts to change staff and client perceptions about social assistance entitlement. |

## 7.1 Single-window access is intended to increase effectiveness of service

The development of "single-window" service and program delivery has occurred in conjunction with recent welfare reforms. Several developments characterize this process:

- *Government departments integrate and/or partner with each other* to reduce bureaucratic overlap, increase the efficiency of service and program delivery, and better co-ordinate policy and program development.

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41 As with the previous section, most of the information for this section is drawn from interviews with administrators.

42 The Labour Market Development Agreement is the name of the relevant devolution process in Canada.

- *Federal/provincial/territorial integration and/or co-management of education and training* is also occurring in some regions, providing a "shared" approach for addressing a range of labour market development issues.

- *Co-locating federal and provincial/territorial services* to provide one-stop, single-window access to services at the same place is designed to offer clients a concentrated service. Usually, this co-location is intended to serve a broad range of clients, such as those dealing with Employment Insurance, Old Age Security, Canada Pension Plan, as well as Social Assistance.

- *Centralizing authority for program and policy design* has occurred in many jurisdictions to reduce variability in services. Some jurisdictions have maintained a relatively decentralized organizational structure to encourage innovation and programs tailored specifically to regional/local needs.

- *Co-location also includes traditional face-to-face service*, toll-free phone access, plus currently evolving service modes including electronic kiosks, Internet, and e-mail.[43]

Governments have adopted single site delivery for much of the income security system, where clients may arrange Employment Insurance, check the job listings, register for training, and a range of other services. Other jurisdictions have merged child support services with income support, to take advantage of overlap between the systems (Yates, 1998). In relation to recent welfare reforms, the single delivery network allows social assistance administrators to place clients into an employment stream immediately.

Co-location also presents challenges for staff and clients. Staff may come from different organizational cultures and may not have similar expectations of clients. Co-location does not guarantee, in and of itself, that the merging of social assistance and educational services will proceed smoothly. In some jurisdictions, co-location and service integration has proceeded very quickly. Other administrative challenges include how to administer discrete funding schemes and agency procedures, revising the system of cost accounting, and dealing with the overall administration of a new system (Yates, 1998). Many of these concerns were echoed when talking to administrative staff from various programs. While most administrators stressed the benefit for clients, the administrative challenges of uniting staffs from different departments and orders of government can lead to significant "growing pains" (Source: Key informant interviews). Thus, while some jurisdictions found co-location to be beneficial and where it proceeded smoothly, others have struggled to reduce overlap and provide a seamless delivery of what were previously two (or more) separate systems.

## 7.2 Integration of departments and agencies

Closely related to co-location is the concept of interdepartmental service integration. Greater integration among departments responsible for social assistance (determination of

[43] While few social assistance clients may use the Internet, the Service Delivery Network serves a broad group of clients of the income security system.

eligibility and delivery of benefits) and those responsible for employment services (education and training) is emerging as an important administrative feature of recent welfare reform. Closer linkages between agencies responsible for benefit delivery/case management and those responsible for education and training is thought to have the following benefits:

- First, it aids communication and planning, by eliminating or reducing bureaucratic overlap;

- It also ensures tighter linkages between those who deal with eligibility and screening, and those who handle training and other welfare-to-work programs, ensuring that the needs of clients are being met by the programs offered;

- Integration can allow staff to share insights into providing services that were previously confined to a single department. Administrators believe that this cross-fertilization of ideas will lead to improved co-ordination.

This shift towards greater integration has also been reflected in other parts of the income security system, as witnessed in the provinces/territories that have signed Labour Market Development Agreements (LMDAs) with the federal government. Newfoundland is currently co-managing the system with the federal government, while British Columbia and New Brunswick have assumed sole responsibility (Gorlick and Bretlıour, 1998b). Although these developments are more directly related to program delivery (training and education) for EI recipients, they will likely also have an effect on SA programs, particularly in the Maritimes where EI and SA are closely integrated due to the seasonal nature of employment in the region.

## 7.3 Service integration and co-location have occurred in other countries

A similar process has occurred in the United States. The recently signed Workforce Investment Act (1998) streamlined job-training, adult education and literacy, and vocational rehabilitation. The emphasis of the legislation is to improve co-ordination between these programs, through the creation of state and local workforce boards and the development of co-located service centres. Although some states had already moved in this direction prior to the WIA, the creation of federal legislation gave a strong signal that this strategy could have far-reaching benefits for states and this will motivate further co-ordination of services.

The Australian government has also taken innovative steps in this area. In 1997, the Australian government created Centrelink, a service delivery agency designed to provide improved customer service and offer a "one-stop-shop" for a range of services previously delivered by the Department of Social Security and other departments. Centrelink includes services from the Department of Employment, Education, Training and Youth Affairs (DEETYA) such as vacancy referral, training referral, and assistance to students.

## 7.4 Attitudinal and cultural change is essential

Apart from creating attitudinal changes among clients, welfare reform has also required changed attitudes within the system. Administrators have needed to shift from simply determining eligibility and administering payments, to helping clients become independent. In some jurisdictions, this has meant a radical organizational and conceptual change for front-line workers, welfare administrators, and clients.

Sometimes this has meant coaching staff to insist that clients become more independent. With the decentralization of reforms, staff have also needed to be encouraged to develop programs that respond to local needs (Hercik, 1998; Key informant interviews). Administrators told us that decentralization of policy and program initiatives has allowed staff in local offices to work more closely with employers to match jobs and SA clients. Often, in such jurisdictions, the social assistance offices have become employment offices, with social workers now more directly engaged in placing their clients into work.

Cultural change is often a complex process, involving both a formal vision and strategic plan driven from within the upper echelons of government. In more than one jurisdiction of Canada, interviewees stressed the importance of senior bureaucratic and political support for welfare reform in general and administrative change in particular. This vision may involve building consensus around key public policy goals, defining a clear mission for the organization, and understanding how changes relate to other programs and government initiatives. It will also require a series of formal and informal changes throughout the service delivery system, as caseworkers' and administrators' perceptions about their role in welfare reform need to be revised (Hercik, 1998). As reiterated in interviews, senior managers must ensure that staff understand the intent of reform and apply the measures consistently (Key informants interviews).

In her summary of organizational culture changes in the U.S., Jeanette Hercik (1998) identifies the following "critical steps" for ensuring a smoother transition from one administrative culture to another. As anecdotal evidence suggests, these issues apply equally well to Canadian welfare reform.

- **Vision alignment with an agency** — Defining a clear and easily communicated statement of the government's vision for welfare reform is a key step. Identifying lessons learned from other programs and pilot projects can help align divergent ideologies towards a focused goal, as new philosophies at least will have been tested through practice.

- **Vision alignment across agencies** — Given the inter-relations between social assistance and other programs and departments, changing one component will undoubtedly affect others. Having a consistent and coherent set of changes occurring at all levels may be ideal, but is not always a reality. Jurisdictions where interdepartmental changes have occurred (such as New Brunswick and Alberta) have supported the notion of having a consistent set of reforms and a common vision delivered throughout related agencies (Source: Key informant interviews).

- **Communicating the vision** — Effectively communicating the goals and vision of welfare reform is viewed as a critical component of promoting and sustaining cultural change. If staff are unaware of reforms, or fail to support them, it will be more difficult for them to work. Changes can often be confusing, and if staff are not aware of them, it is unlikely that clients will be.

- **Responding to feedback** — Developing linkages through the organization is needed to recognize how well the system is performing. External evaluations can also aid in the process by assessing how the system is being applied — which policies are working best and which need to be revised. The various evaluations of the Canadian Federal Government's Strategic Initiatives Program provide one example of how external feedback on pilot projects may help assess what strategies have worked and which have not.

- **Changing how business is done** — Reorganizing a welfare agency's internal structure is a complex task. Implementing a new vision may involve changing the day-to-day operation, the roles of caseworkers, administrators, and other field staff. The business process side of organizational cultural change will likely require both commitment and sufficient financial resources and time to training staff. Examining how well initial changes have worked and leaving an opportunity for future innovation can provide an opportunity for future improvements.

Selected case studies suggest that organizational change is not always a smooth process, even when the programs' goals are well communicated. In research conducted by Meyers *et al.* (1998) of the "Work Pays" Demonstration in California, the authors found that front-line workers did not fully implement policy reforms. Workers performed their instrumental functions (collecting and verifying information), but many did not provide and interpret information about welfare reform to their clients (e.g., informative and positive discussions about work, supportive services or other issues relating to self-sufficiency). This implementation failure can easily undermine welfare reform and lead to the conclusion that the reforms have not worked.

Other programs have shown greater success. Welfare administrators confirmed the importance of systemic commitment, and in particular the importance of political direction. In New Brunswick, welfare reforms pre-date the changes to CAP, as the McKenna government introduced general reform in government systems. The fact that the government had all the seats in the house was also beneficial. In Florida, Democrats and Republicans unanimously supported welfare reforms and created a unified vision around giving children improved chances. In Alberta, welfare administrators credit the explicit commitment of the Premier and Minister of Social Services as instrumental to driving welfare reform. In the United States, Wisconsin is often held up as an example of a program driven and supported at all administrative levels. Anecdotal evidence suggests that success is maximized when reforms are driven by senior political leadership, embraced by the bureaucratic leadership, and executed by the line staff.

# 8. Conclusions

Welfare reform is a major policy initiative of the 1990s. Ushered in primarily because of persistently high caseloads even after periods of general economic recovery, this policy has been successful when judged by caseload reduction alone. However, most welfare administrators and social services advocates disavow this as a primary goal of welfare reform.

A consensus exists that the current economic recovery, now entering its seventh year, has been an important factor in the apparent success of welfare reform. At the same time, most administrators we interviewed argue that without reform, the extent of caseload reduction would be much lower. Most administrators we interviewed argued that the extent of caseload reduction witnessed throughout North America required the legislative, administrative and labour market policies associated with the most recent round of welfare reforms. Others are less certain and argue that welfare reforms receive credit for the reduction in caseloads more legitimately attributed to employment growth.

Although most commentators and administrators agree that welfare reforms, combined with a growing economy, have decreased the social assistance caseload, concern exists over the resilience of these recent gains in the face of a future recession. Also, little evidence exists about the long-term outcomes of SA clients who are placed into low-wage occupations.

Welfare reforms are part of an evolving policy response to chronic social assistance use. Initially, some jurisdictions adopted short-term responses and relied on changes to legislation and regulation to reduce caseloads. This may have been true of a few U.S. states, but this mode of welfare reform is less common. Now, most jurisdictions in the United States and especially in Canada pursue a mix of programs consisting of the following:

- legislative/regulatory change to change the "rules" of social assistance receipt;
- short-term incentives designed to "jump-start" job search;
- longer term interventions that support a continuing and strengthening of the labour force attachment;
- a range of collateral supports that are only partly directed to welfare recipients;
- administrative changes for how social assistance is delivered.

The clear theme running through these five policy areas of welfare reform is the need to make work the preferred alternative to social assistance.

The basic question as to whether clients coming off welfare achieve true economic independence has yet to be definitively answered. Few jurisdictions have been able to monitor the effects of welfare reform over a long enough period, although most evaluations suggest that effects are for the most part marginal. More long-term evaluation and follow-up is required to identify long-term effectiveness. Without a commitment to increasing the tracking of clients after they have left SA, we simply will have no way of understanding whether caseload reductions are associated with improved social and economic condition of clients.

Critics of welfare reform raise the basic and important point that this policy has not dealt with poverty. Most clients end up working for low wages and become absorbed in the "working poor." Following on this train of thought, at least when caseloads were high, poverty was visible. According to critics, welfare reform has served merely to mask poverty in North America. In comparison, policies such as the National Child Benefit are examples of crucial, general policies that while focusing on children, target low-income families more generally.

While advocates of welfare reform will admit that most social assistance clients initially get only low-wage employment, they argue that surveys show clients prefer work to assistance. Further, if governments continue to offer collateral services and support long-term education and training, many social assistance clients will continue to upgrade their skills and move into higher wage occupations and sustainable employment.

The result of the first five years of welfare reform is clear. We know how to get clients off social assistance in times of prosperity. The challenge will be to consolidate these gains in the face of a possible recession. Further, as the remaining social assistance clients present more complex and difficult cases, alternatives to work-based reform will become more important. In Europe, active consideration is being given to a range of non-work options (such as volunteer activity and community service) in order to allow those who cannot compete in the formal labour market to make useful contributions to society.

As the OECD stated, "the problem of long-term unemployment will only be resolved when attitudes have changed so that people are engaged for what they can contribute, rather than rejected because of what they have not achieved in the past" (OECD, 1992). As we proceed with new welfare reform strategies in the years to come, inclusion should remain an over-arching goal.

# *Appendix A*
# *Recent Legislative Changes Affecting Social/Income Assistance Recipients in Canada by Province/Territory over the past 5-6 years*

| Recent Organizational and Legislative Changes Affecting Social/Income Assistance Recipients in Canada | |
|---|---|
| **Province/Territory** | **Changes in legislation** |
| **British Columbia** | Major changes took place in 1996 with the division of the social assistance mandate between the Ministry of Advanced Education, Training and Technology, and the Ministry of Human Resources. The departments will continue to integrate in future.<br>The B.C. Benefits program was introduced in January 1996, encompassing the Youth Works and the Welfare to Work programs; program participation is mandatory for social assistance recipients unless physically or mentally unable.<br>The focus is on programs facilitating workforce re-entry, with welfare cast as a temporary benefit for those who are able to work; youth and the disabled have been separated from welfare-to-work employables. |
| **Alberta** | The Department of Family and Social Services began reform of its social allowance program in 1990 with the Supports For Independence program, providing short-term support for social assistance recipients until they are self-sufficient.<br>A welfare reform initiative was announced in April 1993, creating more effective employment and training opportunities, restructuring welfare benefits, and cutting costs.<br>The focus is on delivering employment and training services and interventions, in partnership with Advanced Education and Career Development and HRDC. |
| **Saskatchewan** | In December 1995, the New Careers Corporation (NCC), a Crown corporation responsible since 1992 for all training and employment programs for people receiving social assistance, began reporting to the Minister of Post-Secondary Education and Skills Training. NCC has become more comprehensively integrated with skills training since the introduction of the Saskatchewan Training Strategy (STS): Bridges to Employment, introduced in April 1997 in an effort to redirect training and labour market initiatives by integrating social and economic development initiatives. |

| Recent Organizational and Legislative Changes Affecting Social/Income Assistance Recipients in Canada (continued) | |
|---|---|
| **Province/Territory** | **Changes in legislation** |
| **Manitoba** | In January 1997, the Manitoba government announced that the province would assume responsibility for delivery of all income assistance within the next 18 months.<br>The Employment First Program, an employment and income assistance program, was initiated May 1, 1996, following the introduction of the Canada Health and Social Transfer, changing from a passive income system to one based on a principle of reciprocal responsibility. Making Welfare Work is the general term for a set of policies that stress increased responsibility for clients to seek work and outlines the sanctions that may result if clients fail to observe the terms of "work expectations" that are applied to their eligibility for social assistance. |
| **Ontario** | In June 1997, the *Social Assistance Reform Act* (SARA) dealt with welfare reform through two statutes: the *Ontario Works Act* and the *Ontario Disability Support Program Act.*<br>The Ontario Disability Support Program, effective June 1998, removed people with disabilities from welfare and created a separate income support program for their needs.<br>The Ontario Works Program is administered by Ministry of Community and Social Services and is intended to be "the shortest route to paid employment." It offers financial and employment assistance to employable social assistance recipients; participation is mandatory. Program delivery has been restructured and delivery agents consolidated; services are now provided by single-window access. |
| **New Brunswick** | Welfare reform began in the early 1990s with the New Brunswick Works program, a demonstration project of Human Resources Development New Brunswick (HRDNB), begun in 1992 and ended in 1998.<br>HRDNB recently restructured with a new service delivery model and management information system. Also developing an Education and Training Strategy to guide the department in assisting recipients move to self-sufficiency.<br>Social assistance — move to active approach from passive income support. Active experimental role in welfare-to-work programs.<br>New legislation drafted specific to social assistance, new policy framework.<br>Services redesigned; shift towards case management, retraining and hiring new staff.<br>Management includes referral to other government and commercial social services and access to training education and employment programming. |

| Recent Organizational and Legislative Changes Affecting Social/Income Assistance Recipients in Canada (continued) | |
|---|---|
| **Province/Territory** | **Changes in legislation** |
| **Nova Scotia** | Welfare reform began in 1995 as part of a reform of municipal governance.<br>By April 1, 1998, the provincial government delivered all social assistance programs — standardizing rates, policies and programs. The Employment Support Services (ESS) program aimed at moving social assistance recipients from welfare to work has become province-wide since then.<br>The second phase of reform involves combining long- and short-term support programs into a single assistance program over the next two years — the Family Benefits Program with the Social Assistance Program. Position of people with disabilities as yet undecided. |
| **PEI** | *Health and Community Services Act* of 1994 gave employment of individuals equal emphasis with provision of benefits under the Welfare Assistance Program. Now divided into two sub-programs: Employment Enhancement Program (EEP) providing work and training for social assistance recipients, and the Job Creation Program (JCP) assisting recipients to retain or learn new work skills through short-term employment. All employable social assistance clients must participate.<br>Control of welfare services centralized at provincial level in 1996-97. Legislation has been introduced to make changes in the number and sizes of the health regions that deliver both programs, but none have yet been made. |
| **Newfoundland** | Major program review in 1996, leading to creation in 1997-98 budget of two new departments, Health and Community Services, and Human Resources and Employment. Began to function separately April 1, 1998.<br>Department of Human Resources and Employment administers the Supports to Employment Program (STEP) begun in 1996-97. Emphasis on greater integration of income support, employment and career services; on economic development and identifying and developing a career development process. Intervention paths as yet not chosen. Programs are still being designed for the new framework and will not be fully implemented till 2001-2002. |
| **NWT** | In July 1994 the NWT government published a report on income support benefits that emphasized the need to shift focus towards more community responsibility. The Social Assistance Program was transferred in 1995 to the Department of Education, Culture and Employment to link financial support with education and training programs. Together with the department of Health and Social Services, they administer the Productive Choices program, in which all employable income support recipients must participate in a broad range of choices in the areas of education, training, employment, or volunteer opportunities. |

| Recent Organizational and Legislative Changes Affecting Social/Income Assistance Recipients in Canada (continued) | |
|---|---|
| **Province/Territory** | **Changes in legislation** |
| **NWT (continued)** | This also encourages more local involvement and flexibility in local/ community programs. |
| **Yukon** | The Yukon government began a review of social assistance expenditures in 1992-93. A revised format of the programs Employment Training Services and Headstart began in 1995 and are ongoing; these programs are under the Ministry of Health and Social Services, and aim at increasing the employability of social assistance recipients. The government is revisiting its 1992 Training Strategy to further address the needs of social assistance recipients. |

# *Appendix B*
# *Comparison of Minimum Wage and Social Assistance Benefits*

| Comparison of Minimum Wage and Social Assistance | | | | |
|---|---|---|---|---|
| **Province/ Territory** | **Monthly income at minimum wage[1]** | **Maximum benefit rate single employable person** | **Maximum benefit rate single parent with two children** | **Maximum benefit rate two parents with two children** |
| **British Columbia** | $1,162 @ $7.15/hour | $500 | $969 | $1,083 |
| **Alberta** | $918 @ $5.65/hour | $402 | $937 | $1,209 |
| **Saskatchewan** | $975 @ $6.00/hour | $481 | $987 | $1,385 |
| **Manitoba** | $975 @ $6.00/hour | $443 | $1,070 | $1,211 |
| **Ontario** | $1,113 @ $6.85/hour | $580 | $1,038 | $1,292 |
| **New Brunswick** | $894 @ $5.50/hour | $264 | $821 | $909 |
| **Nova Scotia** | $894 @ $5.50/hour | $369 | $1,146 | $1,323 |
| **PEI** | $878 @ $5.40/hour | $437 | $853 | $1,239 |
| **Newfoundland** | $853 @ 5.25/hour | $342 | $1,169 | $1,323 |
| **Northwest Territories** | $1,056 @ $6.50/hour | $936 | $1,590* | $1,883 |
| **Yukon Territory** | $1,170 @ $7.20/hour | $658 | $1,093* | $1,647 |

[1] Monthly income calculated at a 37.5 hour week
*Calculations based on single parent single child.
(Highlighted cells indicate 1996 rates.)

# *Appendix C*
# *Earning Disregards for Social/Income Assistance Recipients in Canada by Province/Territory*

| Earning Disregards for SA Recipients in Canada by Province/Territory | |
|---|---|
| **Province/Territory** | **Level of Earning Disregards** |
| **British Columbia** | Exemption standard is 25% of earnings<br>In case of disability, $200 plus 25% of any further earnings<br>Applies to income assistance, youth works, and disability benefits<br>Also tied to family maintenance exemption |
| **Alberta** | SFI — Supports For Independence welfare program<br>Adult exemption: $115 per month, plus 25% of any earnings over that<br>If child with job involved, child's income treated separately: $350 per month plus 25%<br>AISH — Assured Income for the Severely Handicapped program<br>Single person: $165 per month, plus 25%<br>Family: $775 plus 25% |
| **Saskatchewan** | Non-disabled earners:<br>Single — $25 plus 20% of the next $375 to a maximum of $100<br>Childless Couple — $50 plus 20% of the next $625 to a maximum of $175<br>Families — $125<br>Disabled earners:<br>Single — $100 plus 20% of the next $375 to a maximum of $175<br>Childless Couple — $125 plus 20% of the next $625 to a maximum of $250<br>Families — $200 |
| **Manitoba** | Keep first $100, then 25% of net additional income. When earning 135% of basic benefit, lose rights to welfare. |

| Earning Disregards for SA Recipients in Canada by Province/Territory (continued) | | |
|---|---|---|
| **Province/Territory** | **Level of Earning Disregards** | |
| **Ontario** | Ontario Works<br>Single — $143<br>Couple — $249<br>With 1 child — $295<br>2 — $346<br>3 — $397<br>4 — $442<br>5 — $480<br>6 — $518<br>Single parent with 1 child — $275<br>2 — $321<br>3 — $372<br>4 — $423<br>5 — $468<br>6 — $506<br>More than 6 children — $38 per child | Ontario Disability Support Program<br>Single — $160 + 25% of remainder plus work expenses<br>Families — $235 + 25% of remainder plus child-care expenses and work expenses |
| **New Brunswick** | Extended Wage Exemption<br>Families with Children<br>— 35% of net earned income for the first six months; minimum of $200/month<br>— 30% of net earned income for the next six months, minimum of $200/month<br>— in subsequent months, a flat exemption of $200/month<br>Singles and Families without Children<br>— 30% of net earned income for the next six months; minimum of $150/month for singles, $200/month for families without children<br>— 25% of net earned income for the next six months; minimum of $150/month for singles and $200/month for families without children<br>— in subsequent months, a flat exemption of $150/month for singles and $200/month for families without children<br>Self-employment: a once-in-a-lifetime provision whereby newly self-employed clients would be exempt from the deduction of any revenue generated by their employment for a period of 3 months | |
| **Nova Scotia** | Two programs involve earning disregards; they are to be merged over the next two years and future earning disregard levels are as yet undecided.<br>1. Family Benefits Program (longer term) wages or training allowances exempt:<br>Single person — first $100<br>Single parents with dependants — first $200<br>Disabled person — first $175<br>Disabled person with dependants — first $275<br>Above these amounts, 75% of gross wage is subtracted to compensate for mandatory deductions. | |

| Earning Disregards for SA Recipients in Canada by Province/Territory (continued) | |
|---|---|
| **Province/Territory** | **Level of Earning Disregards** |
| **Nova Scotia (continued)** | 2. Social Assistance Program (shorter term; just taken over from municipalities and harmonized across province)<br>Single person — first $50<br>Those with dependants — first $100<br>Above these amounts, take off net wage after mandatory deductions.<br>Though it appears less generous, in application this may not be the case as the program includes assistance with transport and clothing needed for work. |
| **PEI** | If work expenses are greater than income, then eligible for assistance.<br>Earning disregard levels:<br>Single person — first $50, then 10% of remaining monthly income<br>Family — first $100, then 10% of remaining monthly income |
| **Newfoundland** | Able bodied single: $75<br>Single with disability: $95<br>Couples without children, families, single parents: $150<br>Families whose reason for support is disability: $190<br>(In effect as of June 1, 1999) |
| **NWT** | Single — $150<br>Family — $300 |
| **Yukon** | Single person — $50 on all income — awards, settlements, GIS etc. + 25% on earned income<br>Family — $100 |

# *Appendix D*
# *National Child Benefit*

| National Child Benefit — Provincial/Territorial Usage | |
|---|---|
| **Province/Territory** | **Usage of National Child Benefit Fund** |
| **British Columbia** | **BC Earned Income Benefit**<br>The BCEIB provides an earnings supplement to families with earned incomes of more than $3,750. The benefit decreases after earned annual family income exceeds $20, 921. The BCEIB is intended as an incentive to make it more attractive for welfare recipients to seek work and remain employed.<br>**Other Programs**<br>Supported Child-Care — Special Needs, Building Blocks, Foster Care 2000, Youth Initiatives, Safe Schools. |
| **Alberta** | **Alberta Child Health Benefit**<br>The fund will be used to offer basic coverage for dental, optical, ambulatory services and prescription drugs for children in low-income families.<br>**Other Programs**<br>Child-care Subsidy Enhancement, Child Prostitution Initiative, Shelter Benefit Increase for Families on Welfare. |
| **Saskatchewan** | **Saskatchewan Child Benefit**<br>Provides a benefit to all low-income parents. The SCB is delivered by Revenue Canada as an integrated payment with federal child benefits. The SCB and the NCB Supplement together fully replace former basic social assistance benefits for children.<br>**Saskatchewan Employment Supplement**<br>Provides a benefit to low-income parents who are working or in receipt of maintenance payments. The supplement is intended to provide an incentive to working by offsetting additional child-related costs, and to provide an incentive to collecting maintenance payments by increasing the net value of the payment to the family.<br>**Family Health Benefits**<br>Provides supplementary health benefits to low-income working families. |
| **Manitoba** | **Early Intervention and Healthy Child Development Programs**<br>Funds education, nutrition, job-training, and expanded child-care. Programs include Early Start, Early Literacy, Baby First, Healthy Choices (Adolescent Pregnancy Prevention), and Woman and Infant Nutrition Program.<br>**Workforce Attachment**<br>This program provides employment and training services to help parents access training opportunities in order to reduce child poverty and promote entry into the work force. |

| National Child Benefit – Provincial/Territorial Usage (continued) | |
|---|---|
| **Province/Territory** | **Usage of National Child Benefit Fund** |
| **Ontario** | **Ontario Child-Care Supplement for Working Families**<br>This program provides low- to middle-income families with children a maximum benefit of $1,100 annually for each child under age seven. The supplement is reduced as incomes exceed $20,000. Families are eligible if they have work earnings exceeding $5,000; if one parent is working and one stays home to care for children under age seven; or if they are attending school or training programs and have child-care expenses. |
| **New Brunswick** | New Brunswick does not offset social assistance payments by the amount of the federal increase.<br>**New Brunswick Child Tax Benefit**<br>Provides $250 annually for each child to families with a net income of $20,000 or less; benefits are reduced for higher income families.<br>**New Brunswick Working Income Supplement**<br>Provides up to $250 per family with earnings of at least $3,750 per year and an annual net income less than $25,921.<br>**Other Programs**<br>Day Care Assistance, Alternative Child-Care program. |
| **Nova Scotia** | **Nova Scotia Child Benefit**<br>Annual income benefits up to $250/year for the first child, $168 for the second and $136 for each additional child.<br>**Healthy Child Development Initiatives**<br>Centre-Based Child-Care, Early Intervention Programs, Community-Based Prevention Programs. |
| **PEI** | **PEI Child-care Benefit**<br>Increased eligibility of families eligible for subsidized day care<br>Increase per diem subsidy for day care.<br>**PEI Family Health Benefit**<br>Provides basic coverage for prescription drugs for all families with an annual income below $20,000.<br>**Other Programs**<br>Employment Enhancement and Job Creation Program. |
| **Newfoundland** | Newfoundland does not offset social assistance payments by the amount of the federal increase.<br>**Child-Care**<br>Funding for unlicensed Child-care, Family Home Child-Care, School Based infant care. Also funding for Early Childhood Education Co-ordinator and their education and training.<br>**Extended Health Benefits** |

| National Child Benefit — Provincial/Territorial Usage (continued) | |
|---|---|
| **Province/Territory** | **Usage of National Child Benefit Fund** |
| **Northwest Territories** | **Northwest Territories Child Benefit**<br>Provides a cash benefit to all families with net income of $20,921 or less, in the amount of $330 for each child under age 18 living at home.<br>**Territorial Workers' Supplement**<br>Provides a benefit to working families with children under age 18 living at home with earned income of at least $3,750 the previous year.<br>**Healthy Children's Initiative**<br>Communities submit proposals for funding to deliver programs and services to support children and their families during early childhood. |
| **Yukon Territory** | **Yukon Child Benefit**<br>Beginning in October 1999, will provide tax-free monthly payments to help low- and modest-income families with children under age 18.<br>**Early Childhood / Child at-risk services**<br>Includes Children's Recreation Fund, Health Families Program.<br>**Children's Drug and Optical Program** |

# *Appendix E*
# *Summary of Collateral Benefits Offered by Province/Territory*

| Collateral Benefits by Province/Territory | | |
|---|---|---|
| **Prov./Territory** | **Collateral Benefits** | |
| **British Columbia** | Job skill training<br>Upgrading costs<br>Training allowances<br>Compensation for job related expenses | Child-care subsidies<br>Housing subsidies<br>Supplemental health care<br>Dental care |
| **Alberta** | Job skill training<br>Wage supplements<br>Compensation for job-related expenses (max. $300/year)<br>Compensation for child-care costs | Transportation subsidies (see job-related expenses)<br>Housing subsidies<br>Supplemental health care<br>Dental Care |
| **Saskatchewan** | Job skill training<br>Training allowance<br>Supplemental health care<br>Dental care | |
| **Manitoba** | Job skills training<br>Training allowance<br>Compensation for job-related expenses<br>Compensation for child-care costs<br>Transportation subsidies | Housing subsidies<br>Supplement health care (can be maintained for up to one year after employment)<br>Dental care<br>Drug and optical benefits that are considered essential |
| **Ontario** | Training allowances<br>Compensation for job-related expenses<br>Compensation for child-care costs<br>Transportation subsidies (up to $250/month) | Housing subsidies<br>Supplemental health care<br>Dental care |
| **New Brunswick** | Wage supplements<br>Training allowances<br>Compensation for job-related expenses<br>Compensation for child-care costs | Transportation subsidies (until first paycheque received)<br>Housing subsidies<br>Supplemental health care<br>Dental care |
| **Nova Scotia** | Wage supplements<br>Training allowances<br>Compensation for job-related expenses<br>Compensation for child-care expenses<br>Transportation subsidies | Supplemental health care<br>Dental care<br>Special clothing allowance<br>Tuition and books<br>Job search costs |

| Collateral Benefits by Province/Territory (continued) | | |
|---|---|---|
| **Prov./Territory** | **Collateral Benefits** | |
| **PEI** | Wage supplements<br>Training allowances<br>Compensation for job-related expenses<br>Compensation for child-care costs | Transportation subsidies<br>Supplemental health care<br>Optical services ($42 for exam and $142 for lenses) |
| **Newfoundland** | Wage supplements<br>Training allowances<br>Compensation for job-related expenses (max. $200/year) | Compensation for child-care costs<br>Transportation subsidies<br>Housing subsidies<br>Supplemental health care<br>dental care (emergencies only) |
| **Northwest Territories** | Wage subsidies<br>Work supplement<br>Compensation for job-related expenses<br>Compensation for child-care costs<br>Transportation subsidies<br>Housing subsidies for rental, purchase or repairs | Assistance to people with disabilities<br>Parenting classes<br>Life-skills training<br>Counselling (family violence, substance abuse, job preparation, sexual abuse)<br>Partial earnings exemptions |
| **Yukon Territory** | Training allowances<br>Compensation for job-related expenses<br>Partial earnings exemptions<br>Compensation for child-care costs<br>Transition benefits | Transportation subsidies<br>Housing subsidies for rental<br>Moving expenses<br>Supplemental health care<br>Dental care |

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